

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 10, 2013

SUBJECT	DESCRIPTION	PRESENTER
	Welcome and Introductions	Chairman Bair
	Rules Process and Distribution of Rules for Review	Vice Chairman Guthrie
	Invitation to ISDA Legislative Briefing, January 15, 2013	Senator Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 10, 2013
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Nonini, Patrick, Durst, Buckner-Webb
ABSENT/ EXCUSED: Senator Rice

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENE: **Chairman Bair** called the meeting to order at 8:04 a.m.

Chairman Bair welcomed everyone to the first Agricultural Affairs Committee meeting. He announced the Committee Members, and all Senators, are invited to attend the Idaho State Department of Agriculture (ISDA) annual briefing and breakfast at the ISDA office next Tuesday, January 15th, in place of the regularly scheduled Agricultural Affairs Committee meeting. An invitation is in each Committee Member's folder. **Chairman Bair** asked that the Committee Members RSVP to Secretary Denise by Friday, January 11, 2013.

Chairman Bair introduced **Denise McNeil**, the Committee Secretary; **Ivy Christopherson**, the Committee Page; and **Dahlia Berreth**, the Committee Intern; and asked each to give a short biography on their background. **Chairman Bair** let the Committee Members know that the Committee Intern would be available for any research or special projects they may need.

Chairman Bair asked each Committee Member to introduce themselves and give a short biography on their background.

PASSING THE GAVEL: **Chairman Bair** passed the gavel to **Vice Chairman Guthrie** to discuss the Rules proposal process and the Rules he assigned to each Committee Member. He pointed out that the summary list of Rules included a spreadsheet from the Idaho State Department of Agriculture which listed the presenters scheduled to present the proposed Rules. Any questions the Committee Members might have regarding any of the Rules, and specifically their assignments, could be answered by that contact person. He encouraged the Committee Members to let him know if they had any special interest in a particular Rule or no interest in an assigned Rule and they could discuss possible changes. **Vice Chairman Guthrie** and the Secretary will work on the agendas for the presentations and discussion of these Rules at the January 17th and 22nd meetings. With no questions from the Committee, **Vice Chairman Guthrie** passed the gavel back to **Chairman Bair**.

Chairman Bair next introduced Lobbyist **Brent Olmstead**, of MPIIdaho, LLC. He touched on two important issues they are watching: the dairy bankruptcy case and appeal, and the Commercial Feed Rule. **Matthew May** from the Idaho Sportsman Caucus Advisory Council declined to address the Committee.

ADJOURN: There being no more business or questions, **Chairman Bair** adjourned the meeting at 8:25 a.m. until Thursday, January 17, 2013, at 8:00 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 17, 2013

SUBJECT	DESCRIPTION	PRESENTER
MINUTES	Minutes of January 10, 2013	Vice Chairman Guthrie and Senator Durst
<u>RS21740</u>	Relating to Sheep and Goats and the Idaho Sheep and Goat Health Board	Stan Boyd
<u>02-0602-1201</u>	Rules pertaining to the Idaho Commercial Feed Law	Lloyd Knight
<u>02-0613-1201</u>	Rules relating to Rapeseed Production and Establishment of Rapeseed Districts in the State of Idaho	Mike Cooper
<u>02-0612-1201</u>	Rules pertaining to the Idaho Fertilizer Law	Katie Mink
<u>02-0616-1201</u>	Rules governing Honey Standards	Mike Cooper
<u>02-0641-1201</u>	Rules pertaining to the Idaho Soil and Plant Amendment Act of 2001	Katie Mink
<u>02-0614-1201</u>	Rules concerning Annual Bluegrass, (poa annus)	Mike Cooper
<u>02-0631-1201</u>	Noxious Weed Free Forage and Straw Certification Rules	Dan Safford
<u>02-0635-1201</u>	Rules concerning Rough Bluegrass, (poa trivialis)	Mike Cooper

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 17, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst, and Buckner-Webb.

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:04 a.m.

MINUTES: The minutes for January 10, 2013, were presented to the committee for approval.

MOTION: **Vice Chairman Guthrie** moved, seconded by **Senator Durst** to approve the minutes from January 10, 2013. The motion carried by **voice vote**.

RS 21740 **Chairman Bair** introduced **Stan Boyd** , Idaho Wool Growers Association to present RS 21740.

RS 21740 would allow the Idaho Sheep and Goat Health Board to amend both **Section 25-127, Idaho Code**, revising the provisions relating to the membership requirements, allowing for the addition of goat producers as board members and technical corrections; and **Section 25-131, Idaho Code**, adding a new provision reserving the right of the State of Idaho to audit the funds of the Board at any time, and is responding to "H512": a complete revamp of the Idaho Sheep Commission that changed the name to the Idaho Sheep and Goat Health Board and revised the membership and funding requirements. **Mr. Boyd** stood for questions. **Chairman Bair** reminded the committee that this is a print hearing.

MOTION: **Senator Tippetts** moved, seconded by **Senator Rice**, to print RS 21740. The motion carried by **voice vote**.

PASSED THE GAVEL: **Chairman Bair** passed the gavel to **Vice Chairman Guthrie** to present the pending rules for the consideration of the committee members.

RULES REVIEW: **Vice Chairman Guthrie** thanked **Chairman Bair** and gave a brief overview of the process of hearing the rules.

DOCKET NO. 02-0602-1201 **Vice Chairman Guthrie** introduced **Lloyd Knight**, Administrator, Division of Plant Industries, Idaho State Department of Agriculture (ISDA), who outlined the pending fee rule relating to the Idaho Commercial Feed Law. The following changes that included are:

- Section 004. incorporation by reference changing the official publication date of The Association of American Feed Control Officials (AAFCO), from the 2012 edition to the 2013 edition. Most of the changes have to do with tweaks of definitions to feeds, ingredients and standards that change every year; it will give the Department the most up to date version. The 2013 edition will be in effect next month.
- New section 011. Exemptions, includes the same exemptions that have been in statute for some time. This will help the department when making decisions regarding exemptions or clarification on different products that fit better under an

exemption. In addition, this pending rule should provide for a more transparent process when the need to add or discontinue exemptions arises to meet the changes in the feed industry or state needs.

- Subsection 011.08 is added and it deals with By Products or Production Waste. These items were always in statute but were not included in the original publication. This encompasses a number of things that were in the original statute, and puts them into the one section.
- New section 020. Registration and Fees, revises the fee structure to a per product registration fee of \$40. This section was not in the original program language of the statute and replaces the old fee structure of \$5 per product plus a tonnage fee. The \$40 per product fee is slightly less than what it actually costs to run the program, which is about \$45 per product. There is a reserve fund balance in place to help offset this difference. There is a product registration fee exemption for those sellers who sell under \$500 per product and selling feed is not their primary business. Much of framework for this section comes from other programs within the agency.
- New section 050.01.H, relates to labeling that includes all statements, websites and other internet based customer interfaces, and is a carbon copy of language that was changed in statute last year. This allows the department to ensure that the product promoted on websites is consistent with what was approved during the labeling registration process.

Mr. Knight stood for questions.

Senator Tippetts asked what the balance of the reserve fund is and what the approximate costs to the program are. **Mr. Knight** responded that the reserve fund balance is approximately \$2.1 million. Operating expenses are approximately \$700,000 a year, but would change this year due to the costs associated with the lab rehabilitation and construction. This will leave a fund balance of approximately \$1.5 million.

Senator Tippetts followed up with another question regarding the balance in the reserve fund being approximately two years of operating costs. **Mr. Knight** responded that typically there would be only a year reserve in this fund; however, this year there are some unknowns. First, the department originally thought the number of registrants would decrease due to the increase in the registration fee. However, this number has actually risen with close to 1000 more registrants since the summer when this new fee structure was first introduced. Second, there are changes coming from the Federal Government related to the Food Safety Modernization Act (FSMA). Two pieces of the rules have been released, but the third, which relates to feed, has not been released and may require the states to help implement this new act. Being conservative with the balance makes sense. Once more is known they may consider reducing the per product fee registration amount to reduce some of this reserve.

Chairman Bair asked if this was an account where the agency had lump sum spending authority. **Mr. Knight** responded that they do not. It is a dedicated fund and the only money used to run the program comes out of that fund. The agency would need to come before the legislature to ask for spending authority.

Senator Patrick asked how the FSMA ties into commercial feed. **Mr. Knight** responded that commercial feed is considered food under the FMSA because so much of feed goes to food animals. They have been very broad with what they call food in relation to the FSMA. **Senator Patrick** then asked that if it costs \$45 to process the permit for the product and an annual registration is required, wouldn't it be more cost effective not to require registration if there are no changes? **Mr. Knight** responded that label review is only part of what the agency does. There are two parts to the program: registration and label review; and to have a program in place that pulls samples and runs the lab. Annual registration will help to keep track of those companies that make changes without notifying the agency, and gives everyone a fair chance to know what's happening in the marketplace.

Senator Brackett commended the Department's efforts in the negotiated rules process. It is a complicated process and one that is taken seriously by the legislature. **Senator Brackett** then noted that there is no reference to the bill that was passed last year referenced in the Authority for Negotiated Rulemaking and wondered why it was not included. **Mr. Knight** responded that the Senate bill 1236 was referenced in the Fee Summary in the Authorization to Set the Fee, and thought this was just an oversight.

Senator Brackett then asked what the plans are for utilizing the Quality Assurance lab at Twin Falls. **Mr. Knight** responded that last year's plan to move the Feed and Fertilizer Lab from leased space in Boise to vacant lab space in Twin Falls was completed. This is where the Food Quality Assurance Lab is located, and has been occupying a portion of the space since the mid 1990's. The Department has also consolidated a number of offices in Twin Falls and the Magic Valley into that building, and also moved the chemistry lab for Feed and Fertilizer into that building to utilize the whole building more effectively. What is being planned now is a method of development that would allow the Department to do some of the tests they do not have equipment for in the Feed and Fertilizer Lab, by using the Food Quality Assurance Lab equipment. The Food Quality Assurance Lab is a service lab, with the Feed and Fertilizer Lab as a client for any samples that are sent there. There are two labs there, one is a service lab the other a regulatory lab, and each are staffed separately. The Department anticipates some sample work may be needed, and the equipment at the Food Quality Assurance Lab is better suited for some tests in detection levels of certain residues.

Senator Brackett asked if there was an uncertainty going forward as it might pertain to the fund balance. **Mr. Knight** asked if that question related to Food Quality Assurance. **Senator Brackett** said in relation to the fund balance and it being saved in case it was needed. **Mr. Knight** responded that the funds in Feed and Fertilizer are there if needed in case there are significant samples being run through the Food Quality Lab. Once the FSMA rules are more clear and are published there will be a better idea of what will be required, and that may include upgrades in equipment.

Senator Durst asked what sort of commodity or business would or would not benefit from the change from tonnage to the labeling registration. **Mr. Knight** explained that in the past a company could have 25 products registered but they may, for example, have \$120,000 in fees because they had a limited number but high volume products and may have been producing livestock feed. Then, for example, there are some companies that register 1,500 products that they get very little tonnage from. The companies that have the 1,500 products registered take significantly more work than is covered by the \$5 the per product fee being charged, especially if they are not reporting any tonnage for those products. Those companies now may consider themselves the losers because they will be paying more; the winners might be the companies that have high volume product and were paying a larger burden on what it cost to run the program. **Senator Durst** then

asked of the items listed as exemptions, had any of them paid the previous tonnage and labeling fee system or have they always been free. **Mr. Knight** responded that none listed have paid before and were exempt under the old system with all the definitions coming from the original statute.

Senator Durst asked if there is concern about the low volume, high quantity producers and what impact does this have on the small producer that might have only two clients in the State of Idaho and not willing to spend the fees to get this registered. **Mr. Knight** responded that when products are initially registered with the Department, the Department has no idea what the distribution plan is or what the value of the product is. It may very well be that when a boutique feed is sold, it may only sell a small amount each year. However, it still requires the same amount of work for the program. This is why the Department moved to this per product registration fee.

Vice Chairman Guthrie introduced **Doug Jones**, who represented some larger feed companies located out of state (ADM, Cargill, Purina). Some have manufacturing facilities here in Idaho, as well as three northwest trade associations (two of which are national and one regional), and participated in the rulemaking process for this pending rule and was finishing up the tail end of this project from last year. He was asked to work on this project because of the change from tonnage to label registration. His clients were not in favor of these changes to the rule. **Mr. Jones** stated they would like to see the Department adjust the fees once the program has run for a couple of years and the unknowns regarding FSMA are clear. They would like to have some kind of cap on the reserve fund, to go to a multi-year registration system until a label is modified in some way and split the pet food segment from the commercial livestock fee segment. **Mr. Jones** stood for questions.

Vice Chairman Guthrie introduced **Brent Olmstead**, a registered lobbyist on behalf of the Milk Producers of Idaho. The members of Milk Producers of Idaho not only include dairies and the purchasers of feed, but include feed distributors and feed manufacturers as well. The dairy industries in Idaho are the largest purchasers of feed in the State. The members participated in the rulemaking process and are in favor of this rule. The labeling program is very important to the members, and assures them that the ingredients in the products fit the label. The new fee structure spreads the costs more evenly between the livestock feed and dog food industries. **Mr. Olmstead** commended the Department for their hard work and efforts in making these changes and stood for questions.

Vice Chairman Guthrie introduced **Elizabeth Criner** of the Northwest Food Processors Association (NWFPA), an advocate for and a resource to enhance the competitive capabilities of member food processors of Idaho. Many food processors operate feed programs as a means of reducing waste and can offer a high-quality, low-cost source of food to livestock and these programs are an ancillary function often operated at a break-even or low-cost recovery basis. NWFPA supports the updates and changes, especially the rule that retains the exemption from registration for processing by-products and production waste, consistent with S1236, the law passed by the legislature last session. **Ms. Criner** stood for questions.

MOTION:

Senator Rice moved, seconded by **Chairman Bair**, to adopt Docket No. 02-0602-1201. The motion carried by **voice vote**.

**DOCKET NO.
02-0612-1201**

Vice Chairman Guthrie introduced **Katie Mink**, Section Manager, Feed and Fertilizer's Program, Division of Plant Industries, Idaho State Department of Agriculture, who outlined a pending rule relating to the Idaho Fertilizer Law with the following change:

- an incorporation by reference, and is updating the existing incorporation by reference of the Association of Plant Food Control Officials (AAFCO) from the 2012 to the 2013 official publication. The AAFCO publication is what the agency, as a regulatory entity, uses and what other regulatory entities as well as industry use, to determine consistent terms, ingredient definitions, and policies related to the manufacturing, packaging, regulatory review, registration and lab analysis of fertilizer products. To keep up with the current changes and policies, the agency updates yearly to the new publication of AAFCO.

Ms. Mink stood for questions.

MOTION:

Senator Durst moved, seconded by **Chairman Bair**, to adopt Docket No. 02-0612-1201. The motion carried by **voice vote**.

**DOCKET NO.
02-0613-1201**

Acknowledging he went out of agenda order, **Vice Chairman Guthrie** welcomed **Mike Cooper**, Bureau Chief, Division of Plant Industries, Idaho State Department of Agriculture, to the podium, who outlined a pending rule relating to Rapeseed Production and Establishment of Rapeseed Districts in the State of Idaho with the following changes:

- technical corrections and additions to the definitions and changes some terminology for clarification; and
- changes to the testing procedures for blackleg disease.

Mr. Cooper stood for questions.

MOTION:

Chairman Bair moved, seconded by **Senator Durst**, to adopt Docket No. 02-0613-1201. The motion carried by **voice vote**.

**DOCKET NO.
02-0616-1201**

Vice Chairman Guthrie introduced **Mike Cooper**, who outlined a pending rule relating to Honey Standards. This new rule chapter is an incorporation by reference" of the United States Standards for Grades of Extracted Honey, adopted by the Agriculture Marketing Service, USDA, effective May 23, 1985, which mirrors the existing standards adopted by other states relative to the identity, quality and labeling of honey, complaint procedures and enforcement criteria. This labeling process will require disclosure of all ingredients of honey, specifically if it's been flavored or if there are additives or changes.

Chairman Bair commended the department on the well-written rules, but wanted to know why there were no rules for pasteurization included. **Mr. Cooper** responded that it was discussed in the meetings; because there are no real standards for it, it was not included. **Chairman Bair** asked if there are any USDA rules regarding pasteurization. **Mr. Cooper** responded that he would need to check.

Senator Nonini asked if this rule would apply to individual producers or commercial producers. **Mr. Cooper** responded that this rule would apply to anyone that sells honey but, more appropriately to honey that has been adulterated and improperly labeled.

Vice Chairman Guthrie introduced **Nick Noyes**, representing Noyes Apiaries Inc., is in favor of this rule; specifically the stopping of corn syrup blends being labeled as honey. In response to the previous question from **Chairman Bair** regarding pasteurization, the only reason honey is heated is to stop it from granulating so that it will stay in the liquid form. **Mr. Noyes** stood for questions.

Vice Chairman Guthrie introduced **Dale Reisinger** representing Reisinger Apiaries, and who is also on the State Honey Commission. **Mr. Reisinger** responded to the question from **Chairman Bair** regarding pasteurization and stated that honey has no known pathogens. Honey is heated to control shelf life; the less heat the shorter the shelf life. **Chairman Bair** commended the Commission and the individual honey growers of the State for participating in this rulemaking process and making a good final work product. **Vice Chairman Guthrie** concurred and thanked everyone as well.

Rick Waitley, Executive Director for the Idaho Honey Industry Association, commended the Department of Agriculture and Representative Boles for the excellent cooperation they had with the industry. **Mr. Waitley** shared that extreme allergies can be balanced if local honey is used and adulterated products can mislead consumers who look to honey to help them with their allergies. These rules help to protect a very important industry; all bees are important to Idaho as well as other states that rely on pollination.

MOTION: **Senator Durst** moved, seconded by **Senator Rice**, to adopt Docket No. 02-0616-1201. The motion carried by unanimous **voice vote**.

DOCKET NO. 02-0641-1201 **Vice Chairman Guthrie** introduced **Katie Mink**, who outlined a pending rule pertaining to the Soil and Plant Amendment Act of 2001 with the following change:

- an incorporation by reference, and is updating the existing incorporation by reference of the Association of Plant Food Control Officials (AAFCO) from the 2012 to the 2013 official publication. The AAFCO publication is what the agency, as a regulatory entity, uses and what other regulatory entities as well as industry use, to determine consistent terms, ingredient definitions, and policies related to the manufacturing, packaging, regulatory review, registration and lab analysis of fertilizer products. To keep up with the current changes and policies, the agency updates yearly to the new publication of AAFCO

Ms. Mink stood for questions.

MOTION: **Senator Brackett** moved, seconded by **Senator Patrick**, to adopt Docket No. 02-0641-1201. The motion carried by **voice vote**.

DOCKET NO. 02-0614-1201 **Vice Chairman Guthrie** introduced **Mike Cooper**, who outlined a pending rule concerning Annual Bluegrass, (*poa annua*) with the following changes:

- adds language regarding the Analysis Certificate; and
- adds the Idaho Crop Improvement Association as a resource for inspections.

Mr. Cooper stood for questions.

MOTION: **Senator Durst** moved, seconded by **Chairman Bair**, to adopt Docket No. 02-0614-1201. The motion carried by **voice vote**.

DOCKET NO. 02-0631-1201 **Vice Chairman Guthrie** introduced **Dan Safford**, Program Specialist, Noxious Weed Management/Invasive Species, Plant Industries Division, Idaho Department of Agriculture, who outlined a pending rule concerning the Noxious Weed Free Forage and Straw Program. **Mr. Safford** explained that the purpose of this program is to eliminate the production of noxious weed seeds in Idaho public lands, specifically on Bureau of Land Management lands and Forest Service lands, and use of the hay and straw must be certified noxious weed free. Participation by farmers in this program is voluntary. They participated in the negotiated rulemaking process, a meeting was held on July, 19, 2012; no comments submitted and no one attended. The Idaho Association of Weed Control superintendents actually do the hay inspections for the farmers; they had no concerns and approved with no comments. The two key changes to the rule relates to scope and purpose which clarifies what the department inspects, inspection, certification and marking of the

bales as certified for use in Idaho in addition to other states that have requirements; and the forage tags for each bale that is certified will not include the year. **Mr. Safford** stood for questions.

Senator Rice asked if this improves the ability to sell the hay interstate for producers as well as used in the back country. **Mr. Stafford** answered that the majority of the hay is for back country use and straw is used for fire rehabilitation on steep ground. Neighboring states of Oregon, Washington, Montana, Wyoming and Utah have similar requirements. If hay is sent to other states, some counties require that it be certified noxious weed free.

Senator Nonini asked if the listed noxious weeds were the entire list known to mankind and how often is this list updated when new species are found. **Mr. Stafford** answered that the North American Weed Management Association (NAWMS), of which Idaho is a voluntary member, compiled this composite list of weeds from the 21 states that are members. There are 64 noxious weeds in the State of Idaho and are certified to the North American Standard. The 54 noxious weeds on the NAWMS list plus our 64, have a 39 weed overlap, so inspections look for the presence or absence of 82 noxious weeds.

Senator Durst asked why was "official sample" struck from page 49, line 23. **Mr. Stafford** answered that NAWMS felt that this was not scientifically sound, so it was struck from the rules about four years ago and has no connection now.

MOTION: **Chairman Bair** moved, seconded by **Senator Nonini**, to adopt Docket No. 02-0631-1201. The motion carried by **voice vote**.

DOCKET NO. 02-0635-1201 **Vice Chairman Guthrie** introduced **Mike Cooper**, who outlined a pending rule concerning Roughstock Bluegrass, (*poa trivialis*) and the following changes:

- Section 101 which adds language regarding the Analysis Certificate
- Section 102 which includes the Idaho Crop Improvement Association as a resource for inspections.

Mr. Cooper stood for questions.

MOTION: **Committee Members, Senator Durst** moved, seconded by **Chairman Bair**, to adopt Docket No. 02-0635-1201. The motion carried by **voice vote**.

PASSING OF GAVEL: Upon conclusion of the presentations and testimonies on the pending rules, **Vice Chairman Guthrie** passed the gavel back to **Chairman Bair**.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:40 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, January 22, 2013

SUBJECT	DESCRIPTION	PRESENTER
02-0408-1201	Rules Governing Grade A Milk and Milk Products	Marv Patten
02-0419-1201	Rule Governing Domestic Cervidae	Scott Leibsle
02-0421-1201	Rules Governing the Importation of Animals	Scott Leibsle
02-0303-1201	Rules Governing Pesticide and Chemigation Use and Application	Ben Miller
02-0633-1201	Organic Food Product Fee Rules	Andrew Smyth
02-0214-1201	Rules for Weights and Measures	Kevin Merritt
46-0101-1201	Rules of the State of Idaho Board of Veterinary Medicine	Carol Youtz

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 22, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:03 a.m.

PASSED THE GAVEL: Chairman Bair passed the gavel to Vice Chairman Guthrie to present the pending rules for the consideration of the Committee. **Vice Chairman Guthrie** thanked the Chairman and invited the first speaker to the podium.

DOCKET NO. 02-0408-1201 **Vice Chairman Guthrie** introduced **Marv Patten**, Deputy, Bureau Chief of the Animal Industries Division, Idaho State Department of Agriculture (ISDA), who outlined changes to the pending rules Governing Grade A Milk and Milk Products:

- The somatic cell count standard is changed from 500,000 per mL to 400,000 per mL for marketability;
- the temporary rule is changed to a permanent rule; and
- four publications are incorporated by reference to include the most recent dates.

Marv Patten stood for questions.

Senator Durst asked what are somatic cells and why was the cell count reduced. **Mr. Patten** answered the somatic cell count is an indication of the cow's udder health, and is actually a count of leukocytes (white blood cells) that increase in response to pathogenic bacteria.

TESTIMONY: **Vice Chairman Guthrie** introduced **Bob Naerebout**, Executive Director of the Idaho Dairyman's Association and a registered lobbyist, who spoke in support of the rule. He said the most controversial change of this rule was reducing the somatic cell count; their board adopted and endorsed these changes. Chobani accepts a cell count of 300,000 per mL or less, which is becoming the trend of the industry.

Senator Durst asked about opening access to out-of-state milk and concerns about purity and meeting this standard. **Bob Naerebout** responded that out-of-state milk must meet the standards of Idaho and the count of 400,000 per mL.

MOTION: **Senator Tippetts** moved to approve **Docket No. 02-0408-1201**, **Chairman Brackett** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
02-0419-1201**

Vice Chairman Guthrie introduced **Scott Leibsle**, Deputy State Veterinary, Bureau Chief of the Animal Industries Division, Idaho State Department of Agriculture (ISDA), who outlined the changes to the Rules Governing Domestic Cervidae:

- Acronym and definition additions
- Allow Administrator to grant exemptions to the change of ownership tuberculosis (TB) testing requirements for domestic cervidae on a case-by-case basis.

Negotiated rulemaking was conducted. There were no visitors and no public comments. **Mr. Leibsle** stood for questions.

Senator Tippetts asked why the administrator is given such wide authority to grant these exceptions and why was it not written to be more specific? **Mr. Leibsle** said the rule was written to reflect the most common anticipated application of the rule.

Senator Nonini asked for examples of why this exception was needed. **Mr. Leibsle** said this change is in response to the industry's petition and in anticipation of a change of ownership of a domestic cervidae farm.

MOTION:

Senator Nonini moved to approve **Docket No. 02-0419-1201**, **Senator Rice** seconded the motion. **Vice Chairman Guthrie** called for any testimony or further discussion.

Senator Durst asked if a new elk is brought into the TB free herd and infects it, what is the liability for the state? **Mr. Leibsle** answered that the exemption would only be granted after the Administrator examined the testing status. The state follows federal protocols established for dealing with TB in a herd.

Vice Chairman Guthrie called for a vote. The motion carried by **voice vote**.

**DOCKET NO.
02-0421-1201**

Vice Chairman Guthrie introduced **Mr. Leibsle** again, who outlined the changes to the Rules Governing the Importation of Animals:

- Acronym and definition additions and changes;
- the requirements for permits of domestic bison are included in § 202;
- clarify the Brucellosis testing; only a single blood sample is required to take from an elk, but two different tests need to be performed;
- the Red Deer Genetic Factor testing exemptions will be allowed from states with an approved prevention program;
- the moving of cervidae will now include United States Department of Agriculture (USDA) Exhibitors Permitted Facilities and animals will not need to be retested for TB; and
- importing of fish will now include invasive species as listed.

Negotiated rulemaking was conducted, there were no visitors and no public comments. **Mr. Leibsle** stood for questions.

Chairman Bair asked for a brief history of the Red Deer Genetic Factor and how it affects the cervidae industry. **Mr. Leibsle** replied that it is an artificial breeding program. Red Deer have a impressive rack of horns, and by incorporating into the genetic line, this could make for a more impressive trophy animal. To maintain the pure genetic line of elk, Idaho does not allow any species with this genetic factor imported into the state. **Chairman Bair** asked for an example of an Association of Zoos and Aquariums (AZA) and USDA facilities. **Mr. Leibsle** responded these are zoos with an accreditation status for testing. **Chairman Bair** asked if this was done so that is was easier to move animals between zoos. **Mr. Leibsle** answered yes.

MOTION:

Senator Brackett moved to approve **Docket No. 02-0421-1201**, **Senator Nonini** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
02-0303-1201**

Vice Chairman Guthrie introduced **Ben Miller**, Agricultural Bureau Chief, Idaho State Department of Agriculture, who outlined the Rules Governing Pesticide and Chemigation Use and Application:

- require licensed applicators to attend specific training every three years or pass the new specific State Soil Fumigation exam to legally use the soil fumigation products; and
- proposal to add a third category to the Private Applicators licenses to make the rules consistent with the rules for Professional licensees who purchase and apply soil fumigation products

Negotiated rulemaking was conducted. There were no visitors and no public comments, and recommend by the Agency's Licensing Committee **Mr. Miller** stood for questions.

Senator Durst asked if these regulations include buffer zones? **Mr. Miller** replied that the buffer zones are covered on every label and is part of the regulation.

Senator Patrick asked how the two-year certification test correspond with the rotating three-year license. **Mr. Miller** replied that private applicators must renew their licenses every two years. If their recertification points are kept up, the U.S. Environmental Protection Agency (EPA) would allow that to fall under it. **Senator Patrick** asked if there was a buffer zone for soil injection applications. **Mr. Miller** replied that all labels have the buffer zone requirements with different sizes for different types of applications.

Chairman Bair asked what would happen if the state did not require this level of licensing for fumigation? **Mr. Miller** replied that this requires taking the EPA test, which is a more difficult process and test. With the newly approved test, this can now be given at the local level.

Senator Durst thanked the department for their efforts in allowing this testing at the local level.

MOTION:

Senator Durst moved, seconded by **Chairman Bair**, to adopt **Docket No. 02-0303-1201**. The motion carried by unanimous **voice vote**.

**DOCKET NO.
02-0633-1201**

Vice Chairman Guthrie introduced **Andrew Smyth**, Program Specialist, Organic and Retail Potato and Brands Program, Agricultural Inspections Division, Idaho State Department of Agriculture, who outlined the changes to the Organic Food Product Rules:

- change to the state organic certification seal that will help reduce printing costs for the organic operations. Operations certified prior to July 1, 2012, may continue to use the old seal;
- a new materials registration list for verification of compliance to national standards; and
- allow manufacturers access to the program's review process to be able to sell their materials to an organic operation. Upon approval, they can use a newly created seal and be published on the approved products list. The fee structure follows that of organic certification fees

Negotiated rulemaking was conducted on July 16, 2012, and presented the rules to the Organic Advisory Committee on October 19, 2012, and received positive comments on the changes. **Mr. Smyth** stood for questions.

TESTIMONY: **Vice Chairman Guthrie** introduced **Tanya Holten**, from Ida-Ore, a company that mines the organic product, zeolite. Their company is in favor of the implementation a new seal program in Idaho and the fee regulations and material review for the products list publication. This allows their company to get certification in Idaho instead of using firms outside the state, as well as verification of organic products. **Ms. Holten** stood for questions.

TESTIMONY: **Vice Chairman Guthrie** introduced **Jennifer Miller**, a consumer from Boise who participated in the ISDA Idaho Organic Food Advisory Council and supports this new rule. The changes to the organic seal will enhance promotion of the industry in Idaho, allows flexibility to the producers using the old seal who can continue to use the older materials and appreciates the published list of materials for increased clarity. **Ms. Miller** stood for questions.

TESTIMONY: **Vice Chairman Guthrie** introduced **Clay Eriskine**, an organic farmer that runs the Peaceful Belly Farm, a certified organic vegetable farm, and who serves on the ISDA Organic Advisory Council. **Mr. Eriskine** is in favor of having a source here in Idaho that makes it easier in identifying products from Idaho. The label is much clearer and more in line with industry standards. **Mr. Eriskine** stood for questions.

Chairman Bair asked where does he get the information on his products being used on his farm, since this list is just being created here in Idaho. **Mr. Eriskine** responded he uses the Organic Materials Review Institute (OMRI) list to verify if a product is organic.

Mr. Smyth returned to the podium to answer a question from **Chairman Bair** who questioned the annual fees in comparison to the annual sales, and the department arrived at those numbers? **Mr. Smyth** responded the fees are actually fee caps. The first year of the program a company with a previous approval by OMRI or Washington State will pay \$200, and new company up to \$500 for initial review. The Department will be better able to quote application fees, once it is determined just how long it will take to perform the activities. The department does not anticipate charging the maximum fee. **Chairman Bair** asked if they will use the Washington State University list of products as the basis. **Mr. Smyth** answered yes. They will continue to recognize Washington State authority if that product is approved by them. **Chairman Bair** asked if the department tests to make sure the labels reflect the product. **Mr. Smyth** answered that it is a processed based verification and they may test but they do not test every product. **Chairman Bair** asked how the department determines which products are chosen to be tested? **Mr. Smyth** answered: if the department suspects the company may not be disclosing all the product ingredients, they may choose to test it or perform an audit for verification of sufficient products purchased to justify what they are selling. **Chairman Bair** asked if the department has the resources to do the audits and testing or if this require more personnel. **Mr. Smyth** answered that the department is sufficiently staffed.

Senator Rice questioned why would we have a fee that discriminates so heavily against a newcomer to the industry? **Mr. Smyth** answered the fees are based on the annual sale of the product, and typically, the more sales of the product, the longer the review process takes. These fees were set to recoup the cost of running the program and not to generate revenue. The fees are caps and not necessarily what will be charged. **Senator Rice** asked why those companies with prior approval get the \$200 renewal fee, even though there is no indication of maintaining the certification status, and the company that has no prior approval pay more. What happens if the prior approved company does not maintain this status? **Mr. Smyth** answered that if the company with prior approval does not maintain their approval status, they will be charged according to the fee structure.

Senator Brackett asked what if the sales as outlined in the fee chart in § 201.04.b. were exactly \$75,000? Shouldn't line three of Annual Sales be \$75,001 and above? Is this a misprint? **Mr. Smyth** replied these fees are caps; a company that makes \$75,000 would not necessarily be charged the \$2,500 fee, and one that makes \$75,001 be charged the \$5,000 fee. **Senator Brackett** asked if the annual sales are exactly \$75,000, how does the department decide which amount to charge? This is not clear on the table. **Mr. Smyth** answered that since the sales cap at that fee, it would probably fall under the smaller amount. **Senator Brackett** responded that it needs to be more clear.

Senator Nonini asked, what are the expected costs for the inspections and travel fees, and how many inspections are anticipated? **Mr. Smyth** said in addition to the application fees, there are inspection fees. Inspections are done annually for the organic certification and the fees are comprised of an hourly rate, travel time, report time and testing fees. **Senator Nonini** asked if this was for new inspections and testing. **Mr. Smyth** replied yes. **Senator Nonini** asked how many new inspections are anticipated. **Mr. Smyth** responded approximately twelve a year.

Senator Rice asked if an inspector was not available from the nearest office, would the Department charge travel time from the farther office? **Mr. Smyth** replied the department would adjust the charges to the nearest office.

Senator Patrick asked how many inspections were done in the past. **Mr. Smyth** replied the staff performs about 200 inspections a year, and he performed 40.

Senator Nonini asked if Mr. Eriskine would yield for a question. **Senator Nonini** asked what affect these new fees would have to his business. **Mr. Eriskine** stated that as a producer he has his own fee structure. This rule is for a certifier for product registration.

Senator Durst commented that he understands the need for a tiered fee schedule, but his overriding concern is the lack of precision in the calculating the fees.

Chairman Bair talked about a motion to hold the fee rule in committee pending receipt of clarification on issues addressed by the committee.

Vice Chairman Guthrie introduced **Brian Oakley**, Deputy Director, Idaho State Department of Agriculture, who requested to speak to clarify these concerns:

- the \$75,00 fee in table on page 16 is an oversight and will be fixed;
- this type of complex fee structure has never been presented to the committee as a fee rule, and used the Idaho Preferred program fee structure as the basis, which gives flexibility for increasing costs;
- the department is not in a position to absorb the additional costs of the organics program, and since the actual costs are unknown at this time the fees were set to cover costs and not to generate revenue; and
- this is a voluntary program, and producers are not required to use it.

Mr. Oakley stood for questions.

Chairman Bair asked why the tiered fee structure was based on gross sales. **Mr. Oakley** replied that this fee structure was set up like the other certification programs and one that participants understand. **Chairman Bair** asked if the gross sales were based on one product or more. **Mr. Oakley** replied on the total gross sales of the company.

Senator Durst asked shouldn't the department return after the program has run for a year when they could better align the fees with the actual costs? **Mr. Oakley** said more details could be provided on how the program works. He emphasized that they did negotiate this rule with the industry and the Advisory Committee, but understood the concerns of this committee regarding the fee structure, and would be willing to come back to report on how the program works if the committee passes this rule.

Chairman Bair thanked Mr. Oakley for his time to clarify this issue. He suggested § 201.04.b. on page 16, be stricken and the department come back after the session is over with a temporary rule that bases that fee on a per product registration and not volume, and asked if the department would be able to move forward with the product registration program and function until they could come back with a better portion of that rule. **Mr. Oakley** replied they could run the program for one year and come back with a fee structure that would meet the expectations of the committee.

MOTION:

Chairman Bair moved to approve **Docket No. 02-0633-1201** with the following exception: § 201.04.b. on page 16 of the 2013 Pending Fee Rule Book be stricken from the rule. **Senator Durst** seconded the motion.

Senator Rice commented that there needs to be more clarification on the travel time charges regarding inspections done from the nearest office versus any office the department chooses to alleviate any potential for abuse.

Chairman Bair clarified his intentions regarding the motion and stated that it was not punitive or intended to undo the negotiated rulemaking. The tiered fee structure is of concern, but the department will be able to function and begin the registration fee process.

The motion carried by unanimous **voice vote**.

**DOCKET NO.
02-0214-1201**

Vice Chairman Guthrie introduced **Kevin Merritt**, Section Manager, Bureau of Weights and Measures, Idaho State Department of Agriculture, who outlined the changes to the Rules for Weights and Measures. This pending rule is for the annual incorporation for reference the 2013 edition of the National Institute of Standards and Technology Handbook 44, Specifications, Tolerances and other Technical Requirements for Weighing and Measuring Devices. **Mr. Merritt** stood for questions.

MOTION:

Senator Patrick moved to approve **Docket No. 02-0214-1201**. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
46-0101-1201**

Vice Chairman Guthrie introduced **Carol Youtz**, acting Executive Director of the Board of Veterinary Medicine who outlined the changes to the Rules of the State of Idaho Board of Veterinary Medicine. Negotiated rulemaking was used and no comments were received. The proposed changes are:

- adding the board's website and email address, authorize convenient methods of filing and incorporate by reference an updated version of the Principles of Veterinary Medical Ethics of the American Veterinary Medical Association (AVMA), as adopted and revised November 2010;
- allow the board to fully recover expenses incurred when applications for certifications of Veterinary Technicians are withdrawn or denied; and
- streamline and clarify certain obligations and procedures required of Certified Euthanasia Agencies and Technicians, eliminate any potential ambiguity for grounds for discipline for agencies or technicians and clarify requirements for inspection deficiencies.

Ms. Youtz stood for questions.

Senator Rice asked for clarification on the addition in § 206 (09)(b), and the inclusion of alcohol as a reason for disciplinary action. Does this apply to public intoxication? **Ms. Youtz** responded that this rule applies only for new applicants. Applicant's background checks were returned with Driving Under the Influence (DUI) convictions, even though the question on the application was marked with a no. This program is heavily regulated because of the lethal drugs. Since these technicians are not medical professionals and have one day of training, if there is the habit of public intoxication and driving, this shows a lack of judgement. **Senator Rice** asked if there are federal regulations regarding drug and alcohol use, and if they lied about the conviction; wouldn't that fall under fraud? **Ms. Youtz** answered federal guidelines from the American Veterinary Medical Association are used that address the use of chemical substances as well the use of alcohol. Lying about the convictions falls under fraud as well.

Senator Patrick asked if Idaho was the only state to implement this change regarding a DUI conviction. **Ms. Youtz** answered that other states that have the Euthanasia program have very strict guidelines about alcohol use if the person has a DUI conviction. **Senator Patrick** asked what if they have a DUI conviction from another state? **Ms. Youtz** replied that the criminal background check is a national check and DUI convictions in other states will show up.

Vice Chairman Guthrie would marijuana use from Oregon show up? **Ms. Youtz** said it would not show up as it is not a crime.

Senator Rice asked about weekend use of marijuana. How is this handled? **Ms. Youtz** replied that this rule only applies for applicants and a background check is only done at that time. If marijuana use is suspected by their employer, then it must be reported, but this rule only applies to applicants.

Senator Durst questioned the nonrefundable fees if no services were provided.

Senator Patrick prefaced his motion with a comment regarding the nonrefundable fees that reference "identical changes made in statute" and would like to have those statutes be identified in this rule.

MOTION: **Senator Brackett** moved to approve **Docket No. 46-0101-1201** . **Chairman Bair** seconded the motion. The motion carried by **voice vote**

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:36 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, January 29, 2013

SUBJECT	DESCRIPTION	PRESENTER
MINUTES	Minutes from January 17, 2013	Senator Buckner-Webb Senator Rice
INTRODUCTION AND WELCOME	University of Idaho Agricultural Economics Students on Public Policy Tour	Chairman Bair
PRESENTATION	Idaho State Department of Agriculture International Trade Offices Annual Report Eddie Yen, Idaho-Asia Trade Office Xu Fang, Idaho-China Trade Office	Laura Johnson, ISDA
PRESENTATION	Study on the Economical Impact of Agriculture to Magic Valley	Dr. Garth Taylor, Economist, University of Idaho

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 29, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:05 a.m.

MINUTES: The minutes from January 17, 2013, were presented to the committee for approval.

MOTION: **Senator Rice** moved to approve the minutes from January 17, 2013. **Senator Tippetts** seconded the motion. The motion carried by **voice vote**.

INTRODUCTION: **Chairman Bair** introduced **Benjamin Kelly** of the Food Producers of Idaho, who talked briefly about the 13th Annual Public Policy Tour, and welcomed the students and advisors from the University of Idaho. Each of the twelve students stood and shared their name and focus of study.

PRESENTATION: **Chairman Bair** welcomed **Laura Johnson**, Agricultural Bureau Chief, Market Development Division, Idaho State Department of Agriculture, to the podium. **Ms. Johnson** oversees the domestic and international marketing and promotion of Idaho food and agriculture products, and works closely with the Idaho Department of Commerce. Together, they partner with the three full-time International Trade offices; China, Taiwan, and Mexico. She said exports for 2012 were up 15 percent from last year and attributed this increase to having full-time trade offices in each country and their efforts in assisting the exporters.

Ms. Johnson introduced **Eddie Yen**, the International Trade Office representative of the Idaho-Asia Trade Office since 1989, who presented highlights of the program for 2012:

- exports to Taiwan for 2011 were \$760 million
- second largest export market with 15 percent of total exports
- Taiwan has recently opened its beef market to the United States (U.S.)
- with the new VISA Waiver Program, tourism is expected to increase by 25 percent.

Supporting documents related to the testimony of Mr. Yen have been archived and can be accessed in the office of the Committee Secretary. (See Attachment #1)

Mr. Yen stood for questions.

Ms. Johnson next introduced **Xu Fang**, the International Trade Office representative of the Idaho-China Trade Office, who presented highlights for 2012:

- Idaho exports grew 596 percent between 2000 and 2011; Idaho became the third largest export market in 2012 with export increases up 60 percent
- total (including Idaho) exports of cheese rose 44 percent in 2012, mainly due to emerging young middle income families recognizing the nutritional value. He is optimistic of this continued growth trend
- due to the Ractopamin issue, importing beef is "officially" banned, however China is the fourth export market of U.S. beef (including Idaho beef); it comes into China through the "gray channel", where there is no ban

Supporting documents related to the testimony of Mr. Fang have been archived and can be accessed in the office of the Committee Secretary. (See Attachment #2) **Mr. Fang** stood for questions.

PRESENTATION: **Chairman Bair** introduced **Rich Garber**, Director of Industry and Government Relations, College of Agricultural and Life Sciences, University of Idaho, who introduced Dr. John Foltz, Professor and Interim Dean for Academic Programs, College of Agricultural and Life Sciences, Department of Agricultural Economics and Rural Sociology, University of Idaho.

Dr. John Foltz introduced faculty members, Paul Patterson, District Extension Economist, Extension Professor, at the Idaho Falls Research and Extension Office, College of Agricultural and Life Sciences, Department of Agricultural Economics and Rural Sociology; Dr. Garth Taylor, Regional Economist, Associate Professor, College of Agricultural and Life Sciences Department of Agricultural Economics and Rural Sociology; and Cathy Roheim, Professor and Department Head, of College of Agricultural and Life Sciences, Department of Agricultural Economics and Rural Sociology.

Paul Patterson thanked the committee for the opportunity to present and spoke on the financial condition of Idaho agriculture and the outlook for 2013 and beyond:

- total Cash receipts were up 5 percent and growing
- long-term growth rate in the last ten years has jumped to 5.4 percent
- livestock sector is up 8 percent
- crop sector is up 5 percent

Mr. Patterson stated that the increased values are coming from increased production. This brings lower prices to consumers. Idaho's investment in research is a key factor driving these increases in value by helping agricultural industries become more efficient. Government program payments have decreased, dropping below \$100 million or 2 percent of the cash receipts coming into Idaho and now less dependent on the government and more dependent on markets.

For the third year in a row, net farm income had a record high, possibly due to the draught and its effect on the grain markets. Net farm income, normally stable here in Idaho, has become more volatile in recent years affecting the farmer, government and communities. Expenses were up, driven by manufactured and farm origin input increases. This rapid rate of the cost of inputs increasing faster than what the farmer receives, makes increasing overall productivity the only way to stay in business.

Farm profitability has improved with the jump in equity from the increases in real estate. Low interest rates, demand, and outside investment dollars have driven up the price of land, and pushed up the rates of return on assets to somewhere between 15 to 20 percent. Farmers today are not as leveraged as in previous years, and have enough of a buffer to better protect agriculture. **Mr. Patterson** stated he would provide additional data on the ratio of the debt-to-farm income.

Mr. Patterson provided expectations for 2013:

- crop cash receipts will go down about 5 to 8 percent or \$3.1 to \$3.2 million
- livestock cash receipts will go up about 2 to 3 percent or \$4.4 to \$4.44 billion
- expenses will continue to rise, with a moderate rise on fertilizer and fuel
- net farm income will go down 10 to 15 percent or \$2.15 to \$2.35 billion, and is driven by the potato market; the fresh potato growers and the fresh pack sheds are getting between \$2.50 to \$4.50 return on potatoes that cost \$8.00 to \$8.50 to raise
- Stocks-to-use ratio, wheat side is good with no shortages, and the feed side is tight; if they plant 100 million acres of corn and there is no draught this year, we should produce a good crop

Chairman Bair welcomed Garth Taylor to the podium. **Mr. Taylor** thanked the committee and said his presentation would focus on the macro perspective of Idaho agriculture

- total state employment is about 900,000, a decline since the recession
- farm employment is about 38,000 or 4.4 percent of total employment; agriculture is very labor efficient and has been very stable over time and believes this long term trend of in jobs will continue to decrease;
- agriculture is a growing portion of the Gross State Product (GSP) and Project 60, and is the largest increasing segment of Idaho economy; the on-farm GSP was 5 percent in 2011, and farming personal income increased over 41 percent

Mr. Taylor stated that economic activity creates jobs in Idaho.

- 11 percent of the jobs created are in agriculture
- in terms of sales, agriculture is the largest industry in the state of Idaho; last year sales were \$19 billion and 18 percent of the state economy
- excluding California, Idaho is the third largest agriculture state in the west; in 2011, Idaho surpassed Colorado, and if the current growth rate continues, Idaho will surpass Washington
- increased productivity is responsible for this growth, with an even greater expectation of increasing export demands; the world will be better fed as we shift to a higher protein diet

Supporting documents related to the testimony of Mr. Patterson and Dr. Taylor have been archived and can be accessed in the office of the Committee Secretary. (See Attachment #3)

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:36 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 31, 2013

SUBJECT	DESCRIPTION	PRESENTER
<u>RS21857</u>	Relating to the trademark application filed in the nation of Turkey.	Patrick Kole, Idaho Potato Commission
<u>S 1024</u>	Relating to Sheep and Goats. Revise provisions relating to the membership of the Idaho Sheep and Goat Health Board so Goat Producers would be allowed to serve on the Board and to add language stating the State of Idaho may audit the funds of the Board at any time.	Stan Boyd, Idaho Wool Growers Association
PRESENTATION	How the agricultural industry is helping feed hungry Idahoans.	Julie Pipal, Idaho Foodbank

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippets	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 31, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED: Senator Nonini

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

RS 21857 **Chairman Bair** introduced **Patrick Kole**, Vice President, Legal and Government Affairs, Idaho Potato Commission, who introduced **RS 21857**. As stated in the Statement of Purpose: "This legislation responds to a trademark application filed in the nation of Turkey attempting to register the name of Idaho, for agricultural products not from Idaho. It provides legislative findings of fact and policy supporting the position that only agriculture products originating in Idaho should be labeled with the name Idaho, notes the long-standing relationship between Idaho and Turkey and urges the office in charge of trademark applications in Turkey, the Turkish Patent Institute, to reject this application. It also urges the Governor of Idaho to express the same opposition to this trademark application".

Mr. Kole was asked if there would be international ramifications arising from this legislation; if there has been any contact with federal agencies or the government of Turkey; what recourse is there if this trademark patent is granted and why hasn't the state trademarked in such a way as to prevent such attempts? **Mr. Kole** stated that at this stage, there has been no contact with the federal agencies. If this application were from a government entity it would be a different matter, but since it is from a private entity, it would be inappropriate to contact the government of Turkey, as the determination of whether to grant this application will be made by them.

The importance of correctly following the due process requirements to oppose this application is critical. Council has been retained in Turkey, and has reached out to the company to no avail. Additional support from an organization called Origin, a regional geographical indications network, will file documents that state that the term "Idaho" should come from the region in which it originates. If the trademark were to be granted, Turkish court options would be exhausted. The word "Idaho" is currently registered in 17 countries, but there must be proof of actual use in that country in order to trademark it there. No use was found in Turkey, which led to this issue.

MOTION: **Senator Guthrie** moved to print **RS 21857**. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

S 1024 **Chairman Bair** introduced **Stan Boyd** of the Idaho Wool Growers Association, who presented **Senate bill 1024**, that would allow the Idaho Sheep and Goat Health Board (Board) to amend Idaho Code § 25-127: revisions to the provisions relating to the membership requirements, and Idaho Code § 25-131: adding a new provision reserving the right of the state of Idaho to audit the funds of the Board at any time. **Mr. Boyd** stood for questions.

MOTION: **Senator Rice** moved to send **S 1024** to the floor with a "do pass" recommendation. **Senator Patrick** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Chairman Bair** introduced **Julie Pipal**, Food Resource Manager of The Idaho Foodbank. **Ms. Pipal** thanked the committee for the opportunity to present and thanked representatives of the agricultural community who attended. She next introduced **Karen Vauk**, President and CEO of the Idaho Foodbank, who spoke about hunger issues many people are facing today and how Idaho Foodbank is helping.

- In 2012, 267,620 Idahoans are food insecure (no reliable food source on a consistent basis, not only at the poverty level and not necessarily everyday)
- 96,660 were children under the age of 18
- 23,008 were children under the age of 5
- There are facilities in Boise, Pocatello and Lewiston that serve as hubs to 218 non-profit partners in 39 counties
- The Foodbank directly distributes food through several programs; Mobile Pantry, Backpack Program, Picnic in the Park, and School Pantry
- Cooking classes are taught to low-income families through the Cooking Matters Program

Ms. Vauk stated that the organization works closely with the Health and Welfare Department, and often times helps fill the gap when food stamps run out at the end of the month. She stated that this program is available to all people in need and the only requirement of eligibility is filling out a statement of need.

Ms. Pipal lauded the participation and support of the agricultural community. Less than 2 percent of revenue comes from government funding. The collaboration and the generous gifts of donors help to make the Foodbank programs a success, not only by providing nutritious food, but also by educating people in making better nutritional choices. Participants include:

- Idaho beef industry's "Beef Counts" program has raised \$200,000, and provided 404,000 three-ounce servings of beef since its inception in 2010

Mr. Wyatt Prescott, Executive Vice President at Idaho Cattle Association, spoke briefly about this program: its inception, and their participation in this most important issue facing Idaho.

- In 2011, the Idaho-Eastern Oregon Onion Committee donated more than 108,000 pounds of onions

Mr. John Watson, founding member of the Idaho-Oregon Fruit and Vegetable Association, spoke about the collaboration of the Idaho-Eastern Oregon shippers and how working together helped provide the much-loved onions to the Foodbank.

- Idaho Pork Producers have donated animals and \$400 and Gem Meat Packing and Action Quality Printers helped in the distribution of more than 873 pounds of fresh pork
- Prison Farm Project at the South Idaho Correctional Institution produced more than 184,000 pounds of green beans and potatoes.
- The Berry Ranch donated fruit and vegetables
- The bean industry supplied more than six truckloads of Idaho-grown beans

Ms. Pipal read a letter from Mr. Mark Klampien, President of the Idaho Growers Association, who is the liaison to the potato industry. He was not able to attend the meeting, but wanted to thank the Idaho Foodbank for their great work and that their association is proud to support them.

Ms. Pipal thanked the committee and closed by stating that the vision of the Idaho Foodbank is for a "Hunger-Free" Idaho.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:03 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 05, 2013

SUBJECT	DESCRIPTION	PRESENTER
	PRESENTATION: Bio-Fuels Research, Idaho National Lab	Richard Hess, Brian Whitlock
	PRESENTATION: Idaho Business Coalition for Immigration Reform	Brent Olmstead

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 05, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:00 a.m.

PRESENTATION: **Chairman Bair** introduced **Brian Whitlock**, Government Affairs, Idaho National Laboratory, who introduced Richard Hess, Biomass Program Technology Manager for the Idaho National Laboratory.

Mr. Hess manages the biomass renewable energy program at the Idaho National Laboratory's (INL) new 91,000-square-foot Energy Systems Complex. Increasing interest in the use of biomass to address climate change issues and improve energy security is on the rise in the United States (U.S.). The INL supports the Department of Energy (DOE) Biomass Program in developing technology for feedstock supply and conversion of biomass to valuable fuels, chemicals, materials and power, and is continually striving to develop new and more efficient ways in producing energy from feedstock.

Mr. Hess explained that the development and use of fractionation and separation helps reduce waste by using the entire plant. Blending processes using multiple products can create super-potent blends. Reusing by-products left from processing can convert ash into other products by the use of special filters. Phosphates and potassium extractions, once processed, can be used in fertilizers. Rare earth metals are now being extracted from the ash and INL is partnering with the DOE and working to develop new ways to use them.

Asked about the possible competition between the food and non-food growers, **Mr. Hess** explained that non-food biomass is more efficient and does not compete with the food market. The energy market cannot pay what the food market can, and biomass crops require more BTU-per-acre efficiency that food crops cannot produce. With changes in the law, more companies are under pressure to become "green" and have been reaching out to INL for help in becoming more energy efficient. New ways are being explored to help their businesses benefit by the use of biomass fuel. Key goals include getting biomass to function like natural gas, and creating an inexpensive green diesel and green jet fuel.

Supporting documents related to the presentation by Mr. Hess have been archived and can be accessed in the office of the Committee Secretary. (See Attachment 4)

PRESENTATION: **Senator Bair** introduced **Brent Omlstead**, of the Idaho Business Coalition for Immigration Reform. **Mr. Omlstead** introduced the two visiting representatives from the Mexican Consulate. He talked about the coalition and how its purpose is to influence public policy on the immigration issues on behalf of Idaho employers.

The Comprehensive Immigration Reform plan proposed by the U.S. Senate recognizes the need to improve the broken immigration system. This plan proposes to modernize and streamline the process, secure the borders, and create a tough and fair legalization program for individuals who are currently here. **Mr. Olmstead** is pleased that Representative Labrador is on the U.S. House working group which should be helpful for Idaho Agriculture's own immigration issues.

Idaho currently uses the H2A Visa for guest workers since there is no year-round Visa currently available. This Visa, requiring extensive paperwork, allows temporary workers a ten-month maximum stay. Employers intending on hiring any new workers must post a notice about using the background checking system, E-verify, which must be used on all new hires, but only after the workers have been hired. This can cause a lag-time in discovering that the worker is not legal to work here, which causes delays for the employer in finding a replacement worker once they are gone and possibly being fined. It is the employer's responsibility to make sure workers are cleared to work here.

Supporting documents related to the presentation by Mr. Olmstead have been archived and can be accessed in the office of the Committee Secretary. (See Attachment 5 and 6)

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:30 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 07, 2013

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	Minutes of January 22, 2013	Senator Tippetts and Senator Patrick
WELCOME:	Brigham Young University - Agriculture and Food Policy Students and Dr. Stephen McGary	Chairman Bair

PRESENTATIONS

	The Potato Pale Cyst Nematode	Patrick Kole, Idaho Potato Commission, Lloyd Knight, ISDA, Brian Marschman, USDA APHIS PPQ
	The Potato Pale Cyst Nematode and the effect on farmers	BYU Students
	Idaho Aquaculture Commission	Linda Lemmon
DISCUSSION:	Budget recommendations for JFAC involving Agricultural issues	Chairman Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 07, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The committee reviewed the minutes from January 22, 2013.

MOTION: **Senator Patrick** moved to approve the minutes of January 22, 2013. The motion was seconded by **Senator Tippetts**. The motion carried by **voice vote**.

WELCOME: **Chairman Bair** introduced students from Brigham Young University, Idaho who are involved in Agriculture Economics or Agriculture Business, and Beacon County Commissioner Bair (brother) of Blackfoot, Idaho.

PRESENTATION: **Chairman Bair** introduced Patrick Kole, Idaho Potato Commission (Commission), to present Potato Pale Cyst Nematode (PCN). **Mr. Kole** stated that the Pale Cyst Nematode issue has been complex, persistent and very serious to the potato industry. Fifty years ago Idaho was not the potato producing state in the United States that it is today. Idaho has achieved that status over an extended twenty-year period because of their consistent quality.

The Commission was created seventy-five years ago and receives no general funds; all funds come from the industry or grants. The industry supports over 30,000 jobs with revenue of \$4 billion. In 2006 the Commission discovered PCN in some fields and began working with the United States Department of Agriculture (USDA) to eradicate and limit the infestation. The decision made by all of the regulatory agencies around the world classifies PCN as a quarantine pest and can stay in the soil for up to thirty-five years. One cyst staying in a field can reinfest that field.

Over 500,000 samples have been taken and all the infested fields have been found within a five mile radius. Of approximately 14,000 acres that are regulated, only 2,000 of over a million potato raising acres, are infested; over 36,000 acres have been released; and five of the nine fields show no detectable viable cyst left in the field. They are developing new chemicals to fight the infestation, as well as non-chemical methods and continue to work on other avenues of eradication.

The Potato Industry has spent over \$1 million fighting PCN and has obtained another \$1 million in federal grants. The Commission asked the Division of Financial Management for funds for the University of Idaho, Agriculture Department, to accelerate the research and to make sure that Idaho can carry out its responsibilities in the PCN Program.

Supporting documents related to Mr. Kole's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 7)

Brian Marschman, United States Department of Agriculture (USDA), stated once they found the fields that were infested the group set up an ambitious program to make sure the infestation was contained using aggressive sanitation. PCN had previously gone undetected in the U.S. No where in the world, where PCN exists, have they launched an eradication approach of this magnitude so they have no guidelines to reference. They have taken their trading partners over the data and there is consensus in that the efforts to sanitize and eradication do not pose a risk to the potatoes that they are importing into their countries. They have been able to open up all the markets with exception of Japan; which has to do with politics more than science. The cooperative PCN Program has expended \$53 million federal dollars with the eradication effort being the most expensive portion. Spraying of methyl bromide and telone II biofumigants have assisted in the eradication. Samples taken prior to the first treatment and additional samples collected after every application were done. The viability reduction measurements were over 95 percent, and the second year 99 percent. One field has completed the three assessments and cleared bioassay.

Mr. Marschman explained the regulatory framework that is being used by USDA and how it differs from Idaho State Department of Agriculture (ISDA). The collaboration between the two agencies has evolved into a very complimentary regulatory framework. USDA controls interstate movement while the ISDA handles the grower agreements along with the temporary lab that created at the programs inception. After the USDA releases a field, ISDA would come back after a potato crop and do another survey. Together, they have progressed from the old protocol and have chosen to go above and beyond what has been required.

Supporting documents related to Mr. Marschman's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 8)

Lloyd Knight, Administrator, Division of Plant Industries, ISDA, advised there are three areas that draw the authority for their department's activities: a) Idaho Plant Pest Act - Title 22, Chapter 20, Idaho Code; b) Rules Governing the Pale Cyst Nematode - IDAPA 20.06.10; and c) ISDA/USDA Memorandum of Understanding (MOU) for Cooperative Enforcement. Their primary regulatory activities since the start of the PCN program beginning in 2006 mimic the federal regulations. There are state responsibilities with federally regulated pests that the ISDA must adhere to. Cooperative enforcement with the USDA concerning cases that deal with interstate movement come to the ISDA for review. The post regulatory monitoring for PCN of approximately 15,000 acres plus 2,500 acres monitored from 2011 to 2013 are due to be released from the program this spring. Their department is the pass-through of the federal funds to landowners for infested field treatment preparation. The funding received to run the lab function for PCN is from a federal grant. Emergency funds are supporting the ongoing eradication under the PCN Program.

Supporting documents related to t Mr. Knight' presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 9)

Dr. McCary , Department of Economics, Brigham Young University, explained that the student groups will present the economic issues associated with PCN within the potato industry and what would happen if the potato acreage was totally removed from production and how that would affect the overall agriculture industry in the state. **Kenny Long** and **Tanner Wahlen** spoke to the financial impact of the 2,000 acres that have been taken out of production from 2006 to present. The revenue loss is calculated at \$4.4 million. Potatoes are number one in the state for value of production. From 2011 to present, the average revenue from potatoes has been over \$2,000 per acre and is higher when compared to other commodities produced. If potatoes were eliminated due to PCN, a substitute commodity would not bring in the same amount of revenue.

Mandy Kilburn and **Ladd Wahlen** advised that they made the assumption in their calculations that the acreage contaminated with PCN had been removed from production. They used the values based on 2008 state economic statistics in the IMPLAN program to present annual labor income loss due to PCN. **Ms. Kilburn** and **Mr. Wahlen** explained their calculations with charts and graphs.

Supporting documents related to Brigham Young student's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 10)

PRESENTATION: **Chairman Bair** introduced **Linda Lemmon**, Secretary and Treasurer, Idaho Aquaculture Commission (IAC), who stated that the Idaho Aquaculture Association was formed thirty years ago and includes producers, processors, and suppliers. In 2004 they created the IAC specifically for marketing. In their marketing studies they found that 50 percent of all fish consumed in the world are raised in aquaculture, they are not wild caught. Asia raises 89 percent of all farm fish, only 1 percent of the world's aquaculture products are raised in the United States (U.S.); 91 percent of the fish consumed in the U.S. are imported. Per capita consumption for 2011 is 15 pounds per person. There are currently twenty-five farmers with the assessment in the amount of \$28,000. These funds have been spent on promotional materials, a website and social media to help them reach a larger audience. The aquaculture industry is located in Hagerman, Idaho, as it has the largest concentration of water found in the U.S. with the constant temperature that is perfect for production. Idaho is the number one trout producing state in the nation and 73 percent of the trout consumed last year came from Idaho. Catfish, tilapia and trout are three of the four species raised in Idaho. **Ms. Lemmon** stood for questions.

Supporting documents related to Ms. Lemmon have been archived and can be accessed in the office of the Committee Secretary. (See attachment 11)

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:39 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 12, 2013

SUBJECT	DESCRIPTION	PRESENTER
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PRESENTATIONS:

	Rangeland Center, University of Idaho, Moscow	Dr. Karen Launchbaugh, Rich Garber,
	Idaho Rangeland Resource Commission Annual Report	Gretchen Hyde, Executive Director
DISCUSSION:	Budget recommendations for JFAC involving Agricultural issues.	Chairman Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 12, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick and Durst.

ABSENT/ EXCUSED: Senator Buckner-Webb

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

MINUTES: The committee reviewed the minutes from January 29, 2013 and January 31, 2013.

MOTION: **Senator Nonini** moved to approve the minutes from January 29, 2013. **Senator Tippetts** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Brackett** moved to approve the minutes from January 31, 2013. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Chairman Bair** introduced **Rich Garber**, Director of Industry and Government Relations, College of Agricultural and Life Sciences, University of Idaho, who introduced Dr. Karen Launchbaugh, Rangeland Ecologist and Department Chair, University of Idaho. **Dr. Launchbaugh** thanked the committee for the opportunity to talk about the University of Idaho Rangeland Center (Center). With the desire to address the rangeland issues facing Idaho and the collaborative efforts of researchers, educators and outreach specialists, the Center was created in August of 2011. The University of Idaho had the first academic program in Rangeland Management and now has one of the largest programs in the United States (U.S.). The Center is comprised of three to six faculty members with expertise in all fields concerning rangelands. There are sixty students currently enrolled, with 80 percent of the graduates getting jobs in range and land management. With their partners they have conducted educational workshops, printed handbooks and recently created a website that provides scientific information and articles on ranges. Their newest publication "Backpack Guide to Range Plants of Idaho" was a collaboration with the Idaho Rangeland Resource Commission. Proceeds from the sales will help support their interns and research.

Dr. Launchbaugh said the hot topics the Center is currently addressing are fires, grazing and the sage-grouse. They are proposing a new program that will monitor the effect of spring cattle grazing on the demographic traits of greater sage-grouse, the sage-grouse habitat characteristics and their sagebrush communities, fuel loads, and wildfire behavior. One unintended consequence of restricting spring grazing is more fuel for fires, so the Center is always seeking ways to balance these issues. **Dr. Launchbaugh** said by spring they will have the sites selected. The research would require a team of ten people, a budget of \$500,000 a year and take ten years to complete.

Dr. Launchbaugh introduced **Scott Jensen**, Instructor from Owyhee County Extension, University of Idaho, who talked about the extension programs and their partnership with the Center. Their curriculum includes the "Winter Beef" classes; one day educational workshops for the beef and cow producers across the state. Part of the curriculum deals with range management and range principles. They also partner with the Owyhee Watershed Council and conduct Owyhee Field Days where they teach fourth and fifth grade students about the watershed, and rangeland and livestock use of the rangeland. They have also offered riparian workshops and grazing management workshops. **Mr. Jensen** said that the extension programs are a good fit with the Center in helping to promote rangeland management.

Supporting documents relating to Dr. Launchbaugh's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 12).

PRESENTATION: **Chairman Bair** introduced Gretchen Hyde, Executive Director of the Idaho Rangeland Resource Commission (IRRC), who presented the annual report and financial updates. **Ms. Hyde** said the IRRC has been active for fifteen years and is the only state with an active Rangeland Commission. The IRRC works to increase the public's understanding of the rangeland as a renewable source of consumer products, provides information on rangeland practices, promotes public support for livestock grazing and responsible stewardship, and advocates the multiple use of the resources.

The IRRC conducts summer continuing education workshops, works with the K-8 classroom students providing materials, activities, range camps and contests. They publish booklets for the schools to educate students on rangelands and agriculture. The IRRC often partners with Dr. Launchbaugh and the University of Idaho Rangeland Center and just finished publishing the "Backpack Guide to Range Plants of Idaho"; sales will help the Center and intern's expenses.

The IRRC receives its funding from fees assessed on the owners for a "per animal unit month" for their cattle and sheep that graze on dry, state or federal grazing land, grants from the Bureau of Land Management (BLM) and from private foundations, interest and special license plate income. Their budget for July 2012 to June 2013 projects a net loss due to high expenses. However, the IRRC diligently seeks partnerships to share the costs and has been able to turn the loss around to a positive net income. The IRRC is holding a five-year reserve of approximately \$220,000; this amount remaining static for some time.

Supporting documents relating to Ms. Hyde's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachments 13 and 14).

DISCUSSION: **Chairman Bair** began the discussion by asking for input on budget issues. He is scheduled to report before the Joint Finance-Appropriations Committee (JFAC) to address budgets for 2014. The Agricultural Research and Extension Service budget requested operating expenditures of \$1 million to come out of the General Fund for communication costs, repairs and maintenance, fuel lubricants, computer supplies, and utility charges. This has been recommended by the Governor and **Chairman Bair** proposes supporting this.

Senator Patrick supported the proposal and said that last year even though there was no recommendation from the Governor regarding operating expenditures, they felt it was important to put money into this to be able to keep up the maintenance of the buildings.

Chairman Bair said the next item is for occupancy costs for Kimberly Labs who recently made some changes there and proposes that this amount be approved.

Vice Chairman Guthrie asked about the 57 percent increase over the estimated operational expenses for the operating expenditures. What has changed?

Chairman Bair said that he did not have the specifics. He did say that over the last five years there have been cuts of up to sixteen percent, and this is needed to meet the most urgent needs of the extension offices. There have been no significant repairs done for quite a few years.

Chairman Bair introduced **Senator Joe Stegner**, University of Idaho, who further explained that due to the recession a few years back, Agricultural Extension and Research was cut \$5 million. The Governor made a commitment several years ago to replace the money if the funds became available in the future. This \$1 million request is the first step in trying to replace that money. There is another request from the University of Idaho for \$196,000 for the Rangeland Center. This money is needed for personnel, travel and operations management. This was recommended by the State Board of Education but was not included in the Governor's budget.

Chairman Bair said he did not see this amount and was told it shows up under Special Programs.

Senator Nonini questioned the \$300,000 for utility charges; is this a back due amount, an increase or the annual amount needed. **Chairman Bair** will contact the budget analyst and get more clarification. **Rich Garber** approached the podium to answer this question. He said the utilities had been paid; that this request for the Operating Expenditures is because during the downturn, the University used the money they had to keep their personnel, and did not use any resources towards operations. This is for maintenance of the facilities.

Senator Rice commented that the research facilities in his area have had less activity lately, and he would like to see more use to avoid possible decay. He said that continued research helps with better productivity in agriculture. He also said the research by the Rangeland Center regarding grazing and its impact was very important and worth continued support. **Chairman Bair** concurred, and said that it is worth mentioning this to JFAC. **Senator Brackett** stated that with the increase of students enrolling in science and the importance of getting this science right, the Rangeland Center is a worthy project and should be conveyed to JFAC as well.

Senator Durst mentioned the importance of continuing conservation in operations and water resources. **Chairman Bair** agreed and next moved to the Idaho Soil and Water Conservation Commission (ISWCC) budget. There were no copies for the committee, and **Chairman Bair** said there is one line item the Governor recommended. The ISWCC provides field-based expertise in water and engineering, and has requested on-going spending authority from the dedicated fund from the consulting services they offer. This is an increase of \$20,000 from the base amount. **Chairman Bair** proposed the amount be supported for approval. Another item not in the budget concerns the ISWCC's on-going work with growers and producers to fix problems by providing them with funding, resources and expertise before the Environmental Protection Agency (EPA) and Department of Environmental Quality (DEQ) get involved. The program has been very successful and has been done with matched funding grants, the money being provided by the state and matched by the federal government. There is about \$200,000 being left on the table because the money needed to qualify for the grant has not been provided. **Senator Rice** agrees that providing the matching fund money, if it is available, is a better use of the money instead of paying for DEQ actions. **Chairman Bair** said he did not know where the additional funds would come from. That would be the work of JFAC. The recommendation he would like the committee to consider would be a policy decision on whether it would be wise to go after the federal grant money. This money would help in the restoration of creeks and streams.

Chairman Bair said the last items are regarding the Department of Agriculture budget. One change affects the Eurasian milfoil eradication program and the department's request for on-going funding of \$900,000, but the Governor has recommended this continue to be one-time general funding. **Senator Patrick** said that since this is a permanent problem, a permanent source of funding would be more beneficial as it is important to be able to keep up the eradication programs. This amount is much smaller than the requests from previous years, and shows that the on-going efforts are paying off.

Chairman Bair said Weights and Measures is requesting \$69,700 to be able to hire another worker to meet the increasing and changing needs. **Senator Durst** asked why they are not able to get the money from the services they provide. **Chairman Bair** explained that this money does not come from the general fund but from their dedicated funds spending authorities. Next was another spending authority request from the Idaho Preferred Program. They are in need of a part-time inspector to make sure the crops meet the criteria to be qualified for the program. He recommends this be approved.

Chairman Bair said that the pesticide collection program has grown so quickly, they are requesting another \$120,000 of dedicated spending authority to expand into another area to better provide the service to more customers, and he will recommend this be approved. The last item is regarding the State Rail Plan. Rural Economic Development and Integrated Freight Transportation Program (REDIFIT) has requested that \$40,000 be used for the Department of Transportation's Railroad Transportation Study. **Senator Patrick** and **Senator Rice** both agreed this would be a benefit and an appropriate use of the funds.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:28 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 14, 2013

SUBJECT	DESCRIPTION	PRESENTER
GUBERNATORIAL APPOINTMENT	Confirmation Hearing for Soil and Water Conservation Commissioner H. Norman Wright	H. Norman Wright

PRESENTATIONS

Idaho Soil and Water Conservation Commission, Annual Report	Teri Murrison, Administrator, Brett Rumbeck, Executive Director,
Idaho Grape Growers & Wine Producers Commission, Annual Report	Moya Shatz Dolsby, Executive Director
Page Presentation - Ivy Christopherson	Chairman Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 14, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED: Senator Rice

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:04 a.m.

GUBERNATORIAL APPOINTMENT: The committee will consider the appointment of **H. Norman Wright** of American Falls, Idaho, to the Idaho Soil and Water Conservation Commission. He is to serve a term commencing July 1, 2012 and expiring July 1, 2017. Motion for recommendation of confirmation will be made at the next committee on Tuesday, February 19, 2013. Senator Guthrie will be the sponsor.

PRESENTATION: **Chairman Bair** introduced **Teri Murrison**, Administrator, Idaho Soil and Water Conservation Commission (ISWCC), who thanked the committee for the opportunity to present and acknowledged the presence of commissioners, staff and conservation partners. She introduced Bret Rumbleck, Executive Director of the Idaho Association of Soil Conservation Districts (IASCD).

Ms. Murrison said the commission got its start back in 1939 and was established in response to the Dust Bowl era of the 1930's. This is Idaho's oldest conservation effort that includes partnerships with the ISWCC, IASCD, the National Resource Conservation Service (NRCS) and the Idaho District Employees Association. The commission's goal is to keep Idaho beautiful and productive using the natural resources to benefit the people and taking care of and improving those resources for future generations.

Ms. Murrison said core functions of ISWCC include technical and support services, conservation programs, and administration. They assist Idaho's fifty conservation districts, distribute trustee and benefit funds, and assist with five-year antidegradation plan updates. Their incentive conservation program, Resource Conservation and Rangeland Development Program, provides low interest loans to help landowners purchase equipment and install projects that provide conservation benefits. They currently have 131 active loans totalling about five million dollars, enabling conservation on more than forty-thousand acres in 2012. Though loan volume is down, they are undergoing efforts to promote and market the program and have reduced processing time and streamlined policies. Under the Conservation Reserve Enhancement Program (CREP) efforts are directed to conserve water on marginal farm ground in the Eastern Snake River Plain Aquifer. Farmers receive modest payments in exchange for not farming such lands. There are currently 17,900 acres and they are seeing a decrease; they need more funds to continue to grow this program.

Working in partnership with NRCS, they are addressing pollutants in Nitrate Priority Areas and through treatment have had a 150,000 pound reduction in nitrates; 29,000 pound reduction in phosphorus and roughly 144,000 pounds of sediment reduction. They are the designated lead agency for the agricultural and grazing components of the Total Maximum Daily Load (TMDL) implementation of water quality-impaired surface waters in the state. The TMDL workload is backlogged; the commission is focusing more time and efforts in eliminating the backlog and working to add more plans in the future.

Ms. Murrison finished up with major trends and challenges the commission is facing. Urban growth is creating land-use conflicts and Idaho continues to lose agriculture land and open space. Needs are growing and resources for voluntary conservation are shrinking, with water quality being a major concern, it's pushing other funding priorities aside. Increased federal regulatory and endangered species issues are creating heavy workloads that are using dedicated time and staff at the expense of other needs. She said they will focus on core responsibilities, prioritizing the use of staff and funds, and streamlining operations wherever possible.

Ms. Murrison introduced **Bret Rumbeck**, Executive Director of the Idaho Association of Soil Conservation Districts (IASCD) who said that the IASCD, organized in 1944, is a voluntary, non-profit association of Idaho's soil conservation districts cooperating in the management of Idaho's natural resources. They are the unified voice for Idaho's conservation districts. Its members work closely with the Idaho Soil and Water Conservation Commission on issues of policy, finance and natural resource concerns, and keep the State Legislature and the Congress informed of its member's views on natural resource concerns. In conjunction with districts from other states, they form part of a national network. The National Association of Conservation Districts is comprised of approximately 3,000 districts and over 15,000 individual directors. **Mr. Rumbeck** spoke about the reorganization of the Board of Directors and recent projects, two of which are located in Bear Lake County and benefit the Bonneville cutthroat trout. Their outreach program includes a monthly newsletter, which has seen a significant increase in subscribers. The committee and audience watched a short video. **Mr. Rumbeck** and **Ms. Murrison** stood for questions.

Chairman Bair asked about the matching funds problem, and wanted to know where the dollars come from that they use in requesting matching dollars from the state. **Ms. Murrison** explained that the decrease in the \$2.00 to \$1.00 matching funds (currently \$1.52 to \$1.00; the highest in years), has created a shortfall. The districts have been working on their five-year plan by prioritizing projects and creating their list of projects that could be completed if they had additional funds. **Mr. Rumbeck** responded that some may come from the Farm Bill's Equip program, a private sector grant, and local government entities through discretionary spending. The additional money can assist districts that are short in funds, and can help leverage other grant funds that require a set amount to apply. **Mr. Rumbeck** stated that \$209,700 is needed to fully leverage the funds. **Ms. Murrison** thanked the local counties that annually budget for and contribute money for conservation districts.

Chairman Bair introduced **Dave Radford**, the Vice Chairman of the Idaho Soil and Water Conservation Commission and Bonneville County Commissioner, who spoke briefly about the matching funds issue. **Mr. Radford** asked that this issue be addressed in the JFAC budget meeting and the \$2 to \$1 match be reinstated.

Supporting documents related to Ms. Murrison's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 15)

PRESENTATION: **Chairman Bair** introduced Moya Dolsby, Executive Director of the Idaho Grape Growers and Wine Producers. **Ms. Dolsby** introduced the other members of the commission and presented the annual report for review. She gave a brief background on Idaho wines and how the commission works to promote the growers, their wines, and the goals for 2013. Idaho's wine growing region encompasses 8,000 square miles with climate conditions comparable to the Columbia Valley in Washington and elevations comparable to the high desert of the famed Rioja region in Spain. The Idaho wine industry is growing at a fast rate starting with just one winery in 1976 and having fifty today. Tourism is up, as more and more people search for new wines to experience.

There are fifty-six vineyards and four new wineries just in the past 12 months. Idaho has 1,600 acres of grapes planted and based on the 2011 harvest-received assessments, there were 2,240 tons harvested and 335,000 gallons of wine produced. The wine market share in 2011 was 5.95 percent and growing; it has created 625 full-time jobs. In 2008, they had an Economic Impact Report done and found that the wine industry had a \$73 million impact. Participating Idaho wineries have produced four winners in competitions since 2010, and culinary events have been sell outs. Website traffic has increased by almost 900 average monthly users since 2011. Idaho Business Review has partnered with the commission to print the 2013 tour brochure.

Ms. Dolsby said the commission received an Idaho State Department of Agriculture Speciality Crop Grant for \$41,622 that will be used to fund new marketing endeavors as well as supplementing their current advertising budget. Clearwater Valley is resubmitting their application for the American Viticulture Area (AVA) and would be the second for the state, if approved. H 412 was passed last year which allows additional powers and duties to be able to pour wine at events, to host and sponsor events and to donate and receive grape products and by-products. H 489 exempts use taxes being charged on free tastings of beverages, including beer and wine. The commission is currently working on two more pieces of legislation regarding excise taxes and container size increase. **Ms. Dolsby** stood for questions.

Supporting documents related to Ms. Dolsby's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 16)

PRESENTATION: **Chairman Bair** invited the Page for Agricultural Affairs, Ivy Christopherson, to the podium for recognition of her excellent service during her term with the Senate. **Ms. Christopherson** said she is involved in student leadership, is the student body historian for Century High School in Pocatello and is part of the Pocatello Youth City Council. She has really enjoyed being part of the Agriculture Affairs Committee as she has learned a lot about agriculture and has a greater appreciation for the hard work the senators do. She plans on going to college after she graduates, and was accepted at Utah State where she will pursue a masters course in dietetics. She will get her personal trainers license when she turns 18. **Chairman Bair** thanked her for her hard work and said she was one of the best pages he had ever been assigned.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:05 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 19, 2013

SUBJECT	DESCRIPTION	PRESENTER
WELCOME:	New Page, Kyle Hoodenpyle	Chairman Bair
GUBERNATORIAL APPOINTMENT:	Vote on the gubernatorial appointment of H. Norman Wright to the Idaho Soil and Water Conservation Commission.	Senator Guthrie

PRESENTATIONS:

Genetically Modified Organisms (GMO) - History and Beyond, Monsanto	George Gough, Trent Clark, Monsanto
Invasive Species Program, Weed Awareness Program updates, ISDA	Lloyd Knight, Administrator, Division of Plant Industries

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 19, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:00 a.m.

INTRODUCTION: **Chairman Bair** introduced **Kyle Hoodenpyle**, the new Page for Agricultural Affairs, who gave a brief biography on his background.

GUBERNATORIAL APPOINTMENT: The committee considered the gubernatorial appointment of H. Norman Wright to the Idaho Soil and Water Conservation Commission.

MOTION: **Vice Chairman Guthrie** moved to send the gubernatorial appointment of H. Norman Wright to the Idaho Soil and Water Conservation Commission to the floor with the recommendation that he be confirmed by the Senate. **Senator Tippetts** seconded the motion. The motion carried by **voice vote**. Vice Chairman Guthrie will be the sponsor.

PRESENTATION: **Chairman Bair** introduced **George Gough**, Manager, Government Affairs at Monsanto Company, who spoke about Genetically Modified Organisms (GMO), biotechnology and Monsanto's contribution to agriculture. Monsanto has been in existence for 110 years, but for the past 15 years their focus has been purely as an agricultural company. Monsanto's goal is to assist the farmer through the use of their breeding program, application of biotech traits and/or agronomic solutions, so farmers can produce affordable food, feed and fiber for the growing population. There are about 1,000 employees here in Idaho at their four facilities; the largest is in Soda Springs, where phosphate ore is mined and processed into elemental phosphorus, the key ingredient in their flagship herbicide product, Roundup. Monsanto is a global company headquartered in St. Louis, Missouri with 500 global locations, 21,000 employees and sales of \$11 billion. Monsanto is more than just Roundup and has a corn and soybean seed division, cotton division and a vegetable division that is located in Nampa, Idaho. There are a large number of seeds grown in the Treasure Valley which are processed in the Nampa facility, and shipped throughout the world.

1996 was the first year the Roundup ready soybean and Bollgard cotton agricultural biotech crops were offered for large-scale commercial use. With Roundup ready herbicide tolerant crops, herbicide can be sprayed on top of the crop killing weeds without killing the crop. It is favored for ease and effectiveness of weed control, and creates opportunities of implementing conservation tillage (minimal disturbance to the soil). Insect protection through technology is built into the plant, requiring less pesticide usage.

Mr. Gough went on to explain about the difference in conventional breeding and transgenic breeding and answered questions regarding the safety of transferring genes and possible harm to humans. Monsanto is required to provide data to regulatory agencies that monitor these activities. GMO in food is heavily regulated throughout the world. California's Proposition 37 that would require labeling of products containing GMO ingredients lost in the polls by three percent.

Supporting documents related Mr. Gough's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 17).

PRESENTATION:

Chairman Bair introduced **Lloyd Knight**, Administrator, Division of Plant Industries, Idaho Department of Agriculture, who spoke about the Noxious Weeds and Invasive Species program that his department is responsible for enforcing. **Mr. Knight** talked about the staff assigned to the program, and how they rely heavily on temporary seasonal workers for help. Idaho Noxious Weeds Law, Idaho Code § 22-2400, was the first law of its kind in the country. This law lists the specific responsibilities of both the state and counties in managing and controlling the weeds.

The noxious weed budget for 2012 was \$1,249,902. These funds came from the U.S. Forest Service (USFS) and the Idaho State general fund. Funds previously received from the U.S. Bureau of Land Management (BLM) stopped in 2008. Of the budget total, \$108,000 was used for the Idaho Weed Awareness Campaign (IWAC) for educational purposes. The remaining balance was used for on-the-ground weed eradication and represents an in-kind ratio of about 3:1. This money is important to the counties, as it can provide in-kind money that can help them in getting their own federal grants. With input from the counties, the Cost Share Accomplishments worksheet identifies where and how the grant money they received was spent and helps the department identify any trends that may require extra attention. The department's budget for 2013 is \$1,320,247 and they are identifying projects that will get funded this year.

Mr. Knight next talked about Invasive Species. The Invasive Species Council, started in 2005, is responsible for policy-level recommendations to the department for planning assistance in combatting invasive species and recommending steps of action that are in the Strategic Plan. The Invasive Species Act was put into place in 2008 and gave the department authority to deal with this as a regulatory issue allowing for inspections and quarantines. 2012 saw the first year the Noxious Weed and Invasive Species Strategic Plans were merged into one strategic plan. The rules governing invasive species outlines prohibitions on possession, importation, shipping or transportation of invasive species, lists information on these invasive species, as well as requirements for inspections, hold orders and decontamination.

Mr. Knight explained that the Quagga and Zebra Mussels are a major concern to the state, and require ongoing efforts by the department and counties to control. There are over seventy water bodies in Idaho, surveyed in 2012. There are fifteen inspection stations at the state line that operate seasonally and eleven ports of entry inspecting commercially hauled watercraft year-round. In 2012 there were 42,383 total inspections, with fifty-seven fouled watercrafts. This is more than a 50 percent increase from 2011.

Mr. Knight said although the Quagga and Zebra Mussels get the most attention and require the most effort, there are other issues the department is dealing with as well. With the pet trade industry selling the red ear slider turtles, serious problems are created when owners set them free in the wild. Out-of-state firewood that is brought into Idaho can harbor bugs and beetles that can harm trees and plants. One new challenge the department will be facing this year is the Japanese Beetle. Extra efforts will be required to resurvey the infested areas as well as more treatments for eradication.

Supporting documents related to Mr. Knight's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 18).

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:29 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 21, 2013

SUBJECT	DESCRIPTION	PRESENTER
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PRESENTATIONS:

	Idaho Potato Commission Annual Report	Frank Muir, Executive Director
	Idaho Bean Commission Annual Report	Lorell Skogsberg, Chairman
	Idaho Beef Council Annual Report	Traci Bracco, Executive Director

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 21, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Patrick, and Buckner-Webb

ABSENT/EXCUSED: Senators Nonini and Durst

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The committee reviewed the minutes from February 5, 2013.

MOTION: **Senator Tippetts** moved to approve the minutes from February 5, 2013. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.

INTRODUCTION: **Chairman Bair** introduced **Rick Waitley**, Executive Director of Leadership Idaho Agriculture, who presented the students of the Leadership Idaho Agriculture Class of 33. Each student gave their name and a brief background of themselves. **Mr. Waitley** also acknowledged Senator Patrick as being a graduate of the program.

PRESENTATION: **Chairman Bair** introduced **Frank Muir**, Executive Director of the Idaho Potato Commission, who presented the Annual Report. He thanked the senators for attending the legislative dinner last month, and invited them and any guests to come to the office to get a more in-depth overview of the marketing programs done both domestically and internationally. He also thanked the senators for support of the commission's efforts to protect their trademark in the country of Turkey.

Mr. Muir focused his presentation on two pages from the financial report for year end August 31, 2012. Revenue, collected from an assessment (potato tax) of four cents per hundredweight, was up \$573,118 due to a higher yield of potatoes. They received two agricultural grants totaling \$195,345, for both domestic and international work. Total revenue was up \$779,352. The budgeted expenditures were under spent by \$25,246.

Two incremental expenditures for \$750,000 needed for the launch of the Big Idaho Potato Truck (potato truck) and the Famous Idaho Potato Bowl would not need reserve money to cover the costs because additional revenue was collected from the higher yield in crops. The increased revenue and decreased expenditures put the commission ahead by \$804,598, and as a result, they were able to put \$54,598 back into the reserve fund.

Mr. Muir said there are currently 344,000 acres planted, up 20,000 acres from last year. This increase creates challenges for the farmers and shippers in moving their crops, so additional programs to help with transportation have been added by the commission. The budget also reflects that no money would be used from the reserves, however, due to popular demand, the potato truck is going back on the road, and the commission has approved \$500,000 to do this. A three month reserve of \$2.5 million to \$3 million is typically held by the commission. The current reserve balance as of today is \$2 million due to the large payments just made on bills.

Supporting documents related to Mr. Muir's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 19)

PRESENTATION: **Chairman Bair** introduced **Lorrell Skogsberg**, Chairman of the Idaho Bean Commission. He thanked the committee for the opportunity to present the annual report, and introduced his coworkers in attendance.

Mr. Skogsberg talked about their mission and their marketing and research promotion objectives. They promote Idaho edible bean and seed, support research concerning disease, pest, cultural practice and breeding, conduct biennial grower education workshops at their two seed schools in the Treasure Valley and Magic Valley, educate consumers, and monitor policies.

Part of the commission's revenue comes from a 12 cent per hundredweight tax levied on growers and dealers. They also rely heavily on grants. Over half of their expenditures are grant funded. **Mr. Skogsberg** said the projected budget summary (cash statement) for fiscal year 2013, has reserves of \$385,147, expected bean tax receipts and other income of \$210,900 for a total \$596,047. The projected expenses of \$161,196 and the grant expenditures of \$145,744 total \$306,940. The reserve balance will increase to \$434,851. They are anticipating an increase in revenue; last year's bean market was strong, so more acres were planted. This year, there will be slight drop in acreage planted due to a price drop. The heavy crop production in 2010, saw a slight reduction in receipts due to less acres being planted. Bean acreage averages about 60,000 acres and is a fifty-fifty split between the commercial edible and seed beans. Production per acres is 42,466 acres of dry edible beans, 22,195 acres of dry bean seed and 9,452 acres of garden bean seeds.

Mr. Skogsberg told the committee there are three current grants. The 2010 Speciality Crop Block Grant of \$61,037 is for the promotion of seed and dry edibles. They have been very successful in Chihuahua, Mexico with the pinto bean promotion. They also hosted the SAGARPA Trade Mission group here in Idaho and had a very successful meeting. The 2011 Speciality Crop Block Grant of \$121,925 has been used in research and development of a Bean Common Mosaic Virus (BCNB) resistant peruano bean (yellow bean) for the Sinaloa, Mexico market. The 2012 Speciality Crop Block Grant of \$ 28,180 is for the promotion of pinto bean seed in Durango, Mexico and black bean seeds in Zacatecas, Mexico.

Mr. Skogsberg said future activities included working with the University of Idaho to explore a possible endowment for a bean breeding and/or continued research. Their strategic plan includes using a portion of their reserve towards this. They will also seek participation from industry for additional funds. Using the specialty crop block grants, they will continue their marketing efforts in Mexico, work on developing a virus resistant yellow bean, and research new application techniques and timing of fertilizers to maximize efficiency. New opportunities may be opening up in the Dominican Republic market for the cranberry bean, and they are diligently working towards developing this relationship.

Chairman Bair thanked the commission for the gift of bean soup.

Supporting documents related to Mr. Skogsberg's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 20 and 21).

PRESENTATION: **Chairman Bair** introduced **Traci Bracco**, Executive Director, Idaho Beef Council, who presented the annual report. Since 1967, the Idaho Beef Council has been the marketing arm for the beef producers. Their mission is to build consumer demand through programs and increase the opportunity for producer profitability.

Ms. Bracco talked about the Idaho Beef Checkoff Program which is a producer-funded marketing and research program. Money to fund the Council comes from a \$1.50 per-head fee assessed to all producers selling cattle or calves, \$1.00 per the National Beef Checkoff Program (1985 Farm Bill) and 50 cents per the State Checkoff Idaho Code § 25-2907. Under the National Beef Checkoff the Council is required to send 50 cents of the first dollar collected to the Cattlemen's Beef Board (CBB) for national programs. The remaining dollar is Idaho controlled. Of that remaining dollar, 7.5 cents goes to the Brand Department for collection, 26 cents goes to National and International programs, and 66.5 cents remains for Idaho programs. Total collections in fiscal 2012 were \$2,387,683; up \$50,000 from last year. Checkoff dollars are used toward six program areas, and can not be used for investment in production research, or to influence government policy or action, including lobbying.

In 2012, the Council reached over 500,000 Idahoans through their marketing efforts and their new outreach program using social media was implemented, resulting in the creation of two Facebook pages and online media campaigns. The Council pooled checkoff dollar resources with the Washington and Oregon Beef Councils for a tri-tip promotional event that was held at over 140 Fred Meyer stores. This event created a 296 percent increase in sales. Ongoing education promoting the nutritional value of beef is a major focus of the Council. Over 19,000 students (36 percent increase from 2011) were reached with in-school programs. They participated in medical conventions connecting with over 1,150 health professionals.

Checkoff dollars are used by the Council to invest in national programs. In 2012, \$236,000 was invested in the National Cattlemen Beef Association, which included three board seats (\$64,000). The remaining balance was used to promote national level programs and product development, \$50,000 was contributed to the Federation Initiative Fund to target high population states, \$97,000 was allocated for marketing beef around the world. **Ms. Bracco** stated that the most critical challenge they are facing today is trying to keep pace with the shifts in consumer preferences and behaviors and the impact this has on the beef industry.

Supporting documents related to Ms. Bracco's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 22).

Chairman Bair thanked the commission for the gift bag.

INTRODUCTION: **Chairman Bair** introduced Seth Pratt, former National Future Farmers of America (FFA) Western Regional Officer from Blackfoot, Idaho. **Mr. Pratt** addressed the topic of agriculture and the role and work of the land-grant institution, what the value of this education is to each student, and the value to Idaho. These institutions provide a place where the students can share their passion for agriculture, develop relationships, and learn at a level that can never be reached through the internet or social media. He spoke of the importance of developing relationships outside of the university setting as well, and that it is these relationships that help initiate change and drive innovation.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:06 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 26, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL:	Meeting roll call	Chairman Bair
MINUTES:	February 7, 2013	Senator Nonini and Vice Chairman Guthrie
	February 14, 2013	Senators Buckner-Webb and Patrick

PRESENTATIONS

Apple and Cherry Commission Annual Reports	Candi Fitch, Executive Director
Alfalfa and Clover Commission Annual Report	Benjamin Kelly, Executive Director, Leiland Tiegs, Chairman
Idaho Oilseed Commission Annual Report	Benjamin Kelly, Administrator and Wesley Hubbard, Commissioner

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 26, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick and Buckner-Webb

ABSENT/EXCUSED: Senator Durst

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m. He thanked the commissions for attending and for the gifts.

MINUTES: The committee reviewed the minutes from February 7, 2013 and February 14, 2013.

MOTION: **Senator Nonini** moved to approve the minutes from February 7, 2013. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Buckner-Webb** moved to approve the minutes from February 14, 2013. **Senator Patrick** seconded the motion. The motion carried by **voice vote**

PRESENTATION: **Chairman Bair** introduced Candi Fitch, who is the Executive Director for the Idaho Apple Commission, the Idaho Cherry Commission, the Idaho-East Oregon Onion Committee and the Idaho-Oregon Fruit and Vegetable Association. She thanked the committee for the opportunity to present. Her presentations included brief overviews as well as the annual reports. She also presented the committee with apples and a stuffed onion doll.

Ms. Fitch began with the report on the Apple Commission. The 2012-2013 six-month financial and 2013-2014 proposed budget was presented to the committee. This was a positive year, a "supply and demand" situation due to the freeze in Michigan and Canada. Michigan ended up with ten percent total crop. New York was down and had a sixty percent crop. Mexico also had a smaller crop. Washington came in with the biggest crop ever and helped even out the supply. Prices were up about \$2 a box over last year.

The Apple Commission is a member in various national and local associations. There are members and past members that sit on the national and regional boards of the Northwest Fruit Exporters and Northwest Horticultural Council. Both associations were instrumental in allowing Idaho to ship apples into Mexico, who has a very stringent program. Idaho is one of the few states allowed to export to them.

The commission received two specialty crop grants from the Idaho State Department of Agriculture (ISDA). In 2009, they received a grant for \$93,000, \$20,000 cash match, and was used for increasing fruit quality and global competitiveness of Idaho apples. This was completed this year and their requested extension was not granted. In 2011, they received \$104,388, with an in-kind match of \$35,492, that is being used for maximizing production in fruit quality with Fuji apples. They are still working with that grant.

Ms. Fitch said they had an opportunity to participate in a national level program and received a grant for the Cool School Cafe brand loyalty program. Information packets were sent to schools in 36 states; 174 packets were sent to Idaho schools and \$48,197 was allocated. This program did not go as planned and proved to be more expensive to run than initially anticipated. The commission continues to participate in conferences, county fairs, fitness celebrations and other activities that give them the opportunity to promote Idaho Apples.

Ms. Fitch next spoke about the Cherry Commission. This was a good season for the cherry growers. The harvest timing was right, the weather, the volume and the quality were all good as well. The market was difficult with prices lower this year, but Idaho's season was finished before then and still able to get a good price for their crop. One association they are members of is the Northwest Cherry Growers, a five-state organization that collectively markets their cherries. **Ms. Fitch** said as of August 31, 2012, Northwest Cherry Growers had record shipments of 22.7 million boxes. Idaho grows, on average, about 2,500 bushels (9,333 boxes) annually. The 2012-2013 six-month financial and 2013-2014 proposed budget was presented to the committee.

Ms. Fitch said the Idaho East Oregon Onion Committee was established in 1957 and represents the growers and handlers. There are six grower districts and four handler districts that members are chosen from. There twenty-two full and alternate committee members and one public member position. They are also members of Idaho Preferred and Ag in the Classroom.

Idaho is one of the largest onion growing areas in the United States (U.S.). The minimum size and grade standards of onions here in Idaho exceed United States Department of Agriculture (USDA) standards. During 2011-2012, 32,163 (40,000 pound) truckloads were shipped. Over 1 billion pounds of onions are shipped annually. Onions are assessed a fee of 10 cents a hundredweight (cwt.) and these funds are used for promotion, export and research. For 2011, the onion comparison chart of all types, for all seasons, by state, ranked Idaho as:

- Third in harvested acreage
- Second in production
- Third in total value
- Second in yield per acre
- Tenth in value per cwt.

Ms. Fitch said ranking tenth in value is due to supply and demand, location to the ports, and the type of onion grown. The sweeter onions bring in a higher price and are not a type grown in Idaho.

The last presentation **Ms. Fitch** presented was on the Idaho-Oregon Fruit and Vegetable Association. In 1962, the association was formed as a non-profit corporation under the laws of Idaho, primarily to give support to produce shippers on matters of transportation, inspections, and other industry issues. They are members of both local and national associations. The economic impact and industry highlights were included in her presentation.

Supporting budgets and documents related to Ms. Fitch's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 23).

PRESENTATION: **Chairman Bair** introduced **Benjamin Kelly** Executive Director, Alfalfa and Clover Commission, who introduced **Leiland Tiegs**, Chairman, Alfalfa and Clover Commission, who presented the annual report and budget.

The Alfalfa and Clover Seed Commission (IACSC) represents growers predominately in southwestern Idaho and the Magic Valley, with a total of six growers that make up the commission. In fiscal year 2012, Idaho produced approximately 7,570,905 pounds of alfalfa and clover seed. This was down over 1 million pounds from 2011. The 2012 assessment for the seed was \$0.004 per pound (\$30,283.62). IACSC receives assessment payments from ten seed dealers in Idaho and Eastern Oregon. Idaho is the third largest alfalfa seed producing state. Although considered a minor crop, it is the foundation of an alfalfa forage industry that ranks third behind corn and soybeans and is one of the top five agricultural crops grown in the U.S. The seed industry is big business, and much of the U.S. looks to Idaho for the seeds that grow plants throughout the lower 48 states.

IACSC oversees the disbursement of funds in three major categories of operation: research, education and promotion. They funded two research and education projects in 2012: Treasure Valley and Pacific Northwest Pest Alert Network and Idaho One Plan: Pesticide Applicator Reporting Program. IACSC is part of the National Alfalfa and Forage Alliance (NAFA) which coordinates and promotes educational and research activities. Representatives from other forage seed producing states, along with genetic seed suppliers, forage growers, allied industries and university representatives make up the board of directors. Mr. Tiegs is currently serving on the board. IACSC contributed \$5,000 in bridge funding for the Parma R and E Center, a research facility owned by the University of Idaho. This facility has research projects relating to insects, disease and crop rotation. It also helped secure labels for insecticides to be used on the crops, and helped to add gross revenue to growers by increasing yields

Supporting documents related to Mr. Tiegs' presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 24)

PRESENTATION: **Chairman Bair** introduced **Benjamin Kelly** Administrator, Idaho Oilseed Commission, who introduced **Wesley Hubbard**, Commissioner of the Idaho Oilseed Commission, who presented the annual report and budget. He thanked the committee for the opportunity to present, introduced his son, Dalian Hubbard, and gave out Canola flower seeds packets to the committee. The Idaho Oilseed Commission began in 1996, and pursuant to Idaho Code § 22-4704, is made up of three growers as the voting members, and are appointed by the Governor for a term of three years.

Mr. Hubbard said the commission is doing well. The acres are up and the assessments are up as well. Idaho's oilseed crop primarily centered around canola, mustard and rapeseed. Studies are currently underway on the research of a list of new oilseed crops identified with potential to be grown in Idaho. These crops may provide alternatives for the farmers in the future. The commission participated in two research projects during fiscal years 2011-2012. They have approved two new research projects currently underway. **Mr. Hubbard** said they continue to participate in the industry meetings and education efforts that are essential in helping the farmers continue to produce better crops.

Supporting documents related to Mr. Hubbard's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 25).

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:58 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #2
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 28, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL:	Meeting Roll Call	Chairman Bair
MINUTES:	February 12, 2013	Senator Tippetts and Vice Chairman Guthrie
	February 19, 2013	Senator Rice and Senator Brackett
<u>S 1121</u>	**POSTPONED** Relating to Sheep, Amending Chapter 19, Title 25, Idaho Code	Stan Boyd, Idaho Wool Growers Association, and Dennis Richens, Western Range Association
<u>H 112</u>	Relating to the Honey Advertising Commission and compensation	Benjamin Kelly, IHIA

PRESENTATIONS

Barley Commission Annual Report	Kelly Olson, Administrator
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If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 28, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The committee reviewed the minutes from February 12, 2013 and February 19, 2013.

MOTION: **Senator Tippetts** moved to approve the minutes from February 12, 2013. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**.

MOTION: **Senator Rice** moved to approve the minutes from February 19, 2013. **Senator Tippetts** seconded the motion. The motion carried by **voice vote**.

H 112 **Chairman Bair** introduced **Benjamin Kelly**, representing the Idaho Honey Industry Association, who introduced **H 112**. The Honey Advertising Commission is housed and managed by the Idaho State Department of Agriculture and Michael Cooper, Bureau Chief of the Feed and Plant Services, Plant Industry Division, has been the main point of contact. The Honey Advertising Commission has three commercial beekeeper members who are appointed for three-year terms.

Mr. Kelly stated that **H 112** deals with Idaho Code § 22-2804. Lines nine through twenty-seven provide detail of the qualifications required for commissioner appointments. Lines eighteen through twenty-four spell out the three distinct districts commissioners must be chosen from. It is line forty which **H 112** addresses. The Idaho Honey Industry Association is proposing an increase in compensation to the commissioners from \$15.00 to \$50.00, as spelled out in Idaho Code § 59-509(n). The line forty through forty-one language states that the commission will meet once each fiscal year, or more as deemed necessary. Earlier in the legislative session, the Agricultural Affairs Committee dealt with the rules and regulations for the protection against adulterated honey in Idaho's market. Those rules dictate that the responsibility of this new protection for the industry will have oversight by the Honey Advertising Commission.

Mr. Kelly then distributed a report that Michael Cooper had provided to the Honey Industry Association at their annual meeting. This report shows income and expenses from the bee inspection account and where the funds for payment of the commission expenses come from. The report also shows a cash balance of over \$26,000. The two main reasons the industry feels the increase is justified are:

- commissioners across the state are asked to act on behalf of the industry and the board evaluated that their time is worth more than \$15
- their increased responsibility coming from the oversight of the new unadulterated honey rules passed earlier this session

The industry chose \$50 as an honorarium as they felt this amount would be an honorarium projected to be stable and would avoid the need for too frequent adjustments through the legislative process. The Idaho Honey Industry Association is asking the Agricultural Affairs Committee to support **H 112**. **Mr. Kelly** stood for questions.

Senator Nonini asked if there would be any additional assessments to cover this increase or was there enough in the budget. **Mr. Kelly** stated that the increase would not impact the budget. **Chairman Bair** asked how many meetings a year had the commission historically had, and would these increase with the rule changes. **Mr. Kelly** answered that in the near past it has been one to two times per year. At this stage, the expectations from the board would be no more than four times a year.

The supporting report and documents related to Mr. Kelly's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 26).

MOTION: **Senator Durst** moved that **H 112** be sent to the floor with a **Do Pass** recommendation. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**. Senator Durst will carry the bill on the floor.

PRESENTATION: **Chairman Bair** introduced Kelly Olson, Administrator of the Barley Commission, who presented their annual report. She presented packets of Barley soup to the committee. **Ms. Olson** acknowledged that Senator Patrick is a barley producer from the Twin Falls area. She went on to say that 2013 is the 25th anniversary for the Barley Commission.

In 2012, Idaho was the number two barley producer in the United States (U.S.), edged out by North Dakota. Estimated receipts of \$306 million was up thirty-two percent from 2011, due to more production and much higher prices in 2012. Malting barley contract prices for 2013, are already up another five percent, and she believes that Idaho should be back in the number one position for 2013. In 2012, 590,000 acres were harvested, up eighteen percent. There were some production challenges in parts of the state affected by the dry summer. Overall production was 53,690,000 bushels, up fifteen percent. Acreage type was seventy-seven percent malting barley and twenty-three percent feed barley, two percent of which was food barley.

Eight percent of barley is grown in Northern Idaho, twenty-six percent in Southern, and sixty-six percent in Eastern Idaho. The south central and eastern areas of the state grew ninety-two percent of the barley crop in 2012; and is the dominant malting production region. There are three malt processing plants in eastern Idaho. Anheuser Busch and Grupo Modelo, owners of two of the processing plants, are preparing a merger, and it is expected to be approved. Many of the major malt and brewing companies have made major investments in Idaho and are in the process of expanding their investments, so malt barley production in Idaho looks very favorable for the future.

Southwestern Idaho grows eight percent of the barley crop. This area is dominant in export opportunities and is mainly a feed crop. Producers use the Lewiston port to the Portland export facility to ship overseas. Although Idaho is dominant in barley exports, exports have fallen dramatically in recent years.

Ms. Olson said barley research, representing twenty-seven percent of the annual budget for 2013, is the most important investment for the commission. The main focus is primarily on variety development. For the last fifty years, the barley breeding program has been federally funded, as there is no state funding. Idaho houses the only federal breeding facility in the U.S. Collaborative efforts and cost sharing assures research will continue, even with the ensuing cuts in federal spending. The board just approved to increase the assessment from two cents per hundredweight (cwt.) to three cents per cwt. This increase was prompted to create an endowed research position with the University of Idaho. The commission continues to receive grant funding as well, and over the last ten years have received a total of \$136,000. With this grant money the commission provides education, local and global promotion of barley, and has led efforts to improve crop insurance. **Ms. Olson** stood for questions.

Chairman Bair questioned the use of a deficit budget situation in order to reduce the reserve, and asked what level of reserve is the commission aiming for. **Ms. Olson** responded that the commission's target reserve is 75 percent of the projected annual budget. It is not the intention of the commission to build reserves and has been drawing them down to fund research.

The supporting report and documents related to Mr. Kelly's presentation have been archived and can be accessed in the office of the Committee Secretary (See attachment 27).

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:51 a.m.

Senator Bair

Chairman

Denise McNeil

Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, March 05, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL	Meeting roll call	Chairman Bair
H 096	Amends Existing Law Relating to Veterinarians to Revise Definitions	Carol Youtz, Board of Veterinary Medicine
H 097	Amends Existing Law Relating to Veterinary License Application Fees	Carol Youtz, Board of Veterinary Medicine
H 175	Relating to Special Liens regarding Livestock	Larry Hayhurst, Idaho State Brand Inspector
PRESENTATION: Idaho Horse Board Annual Report		Forest P. Hymas, Executive Director

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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Phone: 332-1330
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 05, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:00 a.m.

INTRODUCTION: **Chairman Bair** welcomed the Meridian High School A.P. Government Class.

H 96 **Chairman Bair** introduced **Carol Youtz**, Acting Executive Director of the Idaho Board of Veterinary Medicine, who introduced **H 96** that will update the definition of two terms used in the Idaho Veterinary Practice Act. These terms are used in subsections 3, 9(a) and (b), and 46 of Idaho Code § 54-2103.

Changes in subsection 9(a), are to clarify the definition of a certified euthanasia technician. In subsection 9(b), the language that authorized persons trained in euthanasia methods prior to December 31, 1992, was stricken. Euthanasia procedures and drugs have changed considerably, so removing this language would assure that only technicians that have current training in humane euthanasia practices would be allowed to perform animal euthanasia. In subsection 46, changes to the definition of "veterinary technician" are made to reflect a name change for a national association. **Ms. Youtz** stood for questions.

Senator Tippetts asked if subsection 9(b), was removed, would this make the euthanasia technicians that qualified under this provision lose their certification. **Ms. Youtz** answered no. Of the fifty-eight certified euthanasia technicians currently in Idaho, the most senior of them has been working since 1998. All euthanasia technicians are now required to recertify by taking new training every three years. If they chose not to attend that training, their license would be pulled.

MOTION: **Senator Durst** moved to send **H 096** to the floor with a **do pass** recommendation. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**. **Senator Durst** will carry this bill on the floor.

H 97 **Ms. Youtz** next introduced **H 97**, that removes the refund for the original veterinarian application fees. This bill would allow the board to recover the expenses incurred when an application is either withdrawn by the applicant or denied by the board. It is consistent with the board's proposed rulemaking to treat all license-types the same. The renewal fees for the euthanasia program are no longer refunded, and this year the board removed the application fee refund for the certified veterinary technician. The applications take approximately ten hours of staff time to process and can take up to six months to receive all the documentation (notarized affidavits, etc.). In about 80 percent of the ten states that were reviewed for their application processing and refund policy, most stated the fees are "non-renewable." **Ms. Youtz** stated that the board is a dedicated fund agency and this bill would have zero impact on funds, and may even have an increase of up to \$2,000. The bill passed in the House, but there were some concerns voiced about keeping the money. **Ms. Youtz** stood for questions.

Senator Buckner-Webb questioned the use of the word "renewable" in Ms. Youtz's presentation, and suggested that the word should have been "refundable." She asked about the fee and how much it is. **Ms. Youtz** responded that the veterinarian application fee for a first year license is \$200.

Senator Rice asked how much of the \$200 is the application fee, and how much is the first year license fee. **Ms. Youtz** responded that the total application fee is \$309, of which \$34 is for the criminal background check that is never refunded and is passed on to the Idaho State Police. Per statute, \$75 is for the exam that every applicant must take, and is not refundable. The remaining \$200 is what would be refunded, and the intent of **H 97** is for the board to keep that amount to cover the cost of the application processing.

Senator Rice asked if it is just the license fee, and not the application fee that is \$200. **Ms. Youtz** responded that it is \$175 for the license fee, and \$25 for the application process. **Senator Rice** asked if the \$175 is the only amount refundable. **Ms. Youtz** responded no, currently it is the full \$200, out of the \$309 collected, that is refunded.

Vice Chairman Guthrie said he appreciates all the hard work the board does processing these applications, but from the side of the applicant, it can appear as almost a punitive measure to not refund the license fee. **Ms. Youtz** explained that one of the main concerns of the board is to be able to recover the processing costs. They are trying to keep all license types the same with have non-refundable application fees.

Senator Tippetts said that a license application fee should be set at an appropriate level so it not only covers the cost of reviewing the application, but the decision making process to grant the license as well. He said that it appears the license application fee is set too low to cover those costs and seems like the board is trying to recover some of those costs in the first year license fee. He said the fee structure should be two separate items, the first fee should be for processing the application and the second fee should be set for the actual granting of the license. It seems inappropriate to not refund the license fee when the license was never granted.

Ms. Youtz responded that the entire fee structure was changed in fiscal year 2013 and that the board would have to change statute and rule again if they needed to restructure the entire license fee. **Senator Tippetts** said that it appears the amount is not enough to cover the costs associated with reviewing an application and granting a license, so the board wants include the first year's license fee to cover their costs. **Ms. Youtz** responded that she believed he was correct, although she was not prepared to speak to that. Without the first year license fee of \$175, only \$25 would be left to do 10 hours of staff work, and that would be insufficient.

Senator Durst commented that not refunding the processing fees would make more sense, but that it seems fundamentally unfair that the license fee cannot be refunded, especially when an application is withdrawn.

MOTION:

Senator Durst moved to hold **H 97** in committee. **Senator Rice** seconded the motion. **Senator Tippetts**, **Senator Rice**, and **Senator Buckner-Webb** supported the motion, and agreed that it seemed inappropriate and unfair that the fee would not be refunded if the license was not granted. Motion carried by **voice vote**.

Ms. Youtz then asked whether the other three license types that currently do not refund application fees continue the status quo, or would the committee like to see legislation next year. **Chairman Bair** asked her to come to the committee office and they could discuss it further.

H 175

Larry Hayhurst, Idaho State Brand Inspector, addressed the committee regarding **H 175**. This bill is a fix to Idaho Code § 45-805, that was changed last year. Idaho Code § 45-805 is essentially an agister's lien, and can be filed when the caretaker or trainer caring for another's equine or livestock has not been paid and the nonpayment of charges persists past sixty days. The intent of Idaho Code § 45-805 was to give horse owners another place to go to dispose of the horses, and have a public auction rather than take it to a licensed public livestock auction market or livestock charter. There were a couple of items that were overlooked, in spite of the participation various associations in the industry.

H 175 has two components to it. First it separates the cattle from equines. The second component that came up is the wording "public auction" that implied that an equine seller had to hire an auctioneer, another expense. This wording has been changed to "a sale offered to the public," as it pertains to equines. **Mr. Hayhurst** stood for questions.

Senator Durst asked for clarification on the difference between licensed public auction and a licensed public livestock auction market, and are they mutually exclusive. **Mr. Hayhurst** said a licensed public livestock auction market is a charter that is regulated by the state due to animal control issues and by the Packers and Stockyards Act (PSA). At a licensed public livestock auction market, the seller is also protected by this PSA, so if the buyer's check bounces, the seller still gets paid. There is more competition and more people bidding on the horses, with a better chance of getting a fair price. There is only livestock sold at these auctions. A private sale or an auction where the horses can be sold is done by getting an auctioneer and the State Brand Inspector will write a normal brand inspection. This gives an alternative place for the holder of equines to be sold.

Vice Chairman Guthrie requested clarification on the language specific to the lien that can allow for the sale of equines at a "sale offered to the public." If an ad was placed in a local paper stating the date, place, time, and type of animal being sold, would that meet the criteria for "sale offered to the public." **Mr. Hayhurst** stated that he believed that this does meet the criteria. As long as the seller is announcing a sale to the public with all these specifics as this ad does, it will suffice.

MOTION:

Senator Brackett moved to send **H 175** to the floor with a **do pass** recommendation. **Vice Chairman Guthrie** seconded the motion. The motion carried by **voice vote**. **Senator Brackett** will carry on the floor.

ADJOURNED:

Chairman Bair adjourned the meeting at 8:35 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, March 07, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL:	Meeting Roll Call	Chairman Bair

PRESENTATIONS

Idaho Wheat Commission Annual Report	Blain Jacobson, Executive Director
Rangeland Status	Wally Butler, Idaho Farm Bureau

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 07, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst, Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

PRESENTATION: **Chairman Bair** introduced **Blain Jacobson**, Executive Director, Idaho Wheat Commission, who presented the annual report for the commission. The Idaho Wheat Commission is a self-governing state agency created in 1959 and it is funded by a 3.5 cent per bushel assessment. These funds are spent in market development, research and grower education. A study out of Cornell University showed that each dollar spent on agriculture research returns about \$10 of economic benefit to the economy.

Wheat is the second largest crop in Idaho and the commission expects the size of the wheat industry to grow again in 2013. The budget for 2013 is set at \$3.1 million. In 2012, the wheat industry in Idaho was up 4 percent, to \$796 million with 98 million bushels harvested. Prices for wheat were up 8 percent to \$7.50 a bushel. Idaho is one of the leaders in bushels per acre due in part to irrigation and the varieties that are used. Idaho is number one in hard white wheat, which made up 10 percent of the state harvest last year. Idaho is bit constrained right now, because 80 to 90 percent of the spring crop in eastern and southern Idaho is hard white. There is a need for a winter variety to capture more of the market, and the commission hopes to have those varieties released soon.

Idaho provides hard white wheat to national companies that include General Mills, the largest customer; Con-Agra; Sarah Lee; Horizon Milling; and a number of customers in California. The Goldfish Cracker brand uses Idaho's soft white wheat. More than 5 percent of the state's annual harvest is used and they are working to double the size of that line by mid 2014. Wheaties and Wheat Chex both take about 10 percent of the annual harvest.

With a number of changes in the wheat industry last year, the commission saw the need to ramp up research. Acreage trends indicate in supermarkets and restaurants, that more and more of the food is coming from corn. Wheat is at a disadvantage as it does not take genetically modified (GM) traits and therefore, producers cannot expand their acreage. There are very few states anymore where wheat has a larger share of the acreage than corn. With drought tolerant and disease resistant traits being put into corn and soybeans, they continue to pick up market share at the expense of wheat. More than 70 percent of the food products in the supermarket have corn ingredient. More than 90 percent of the corn grown has GM traits. The same trends are happening with soybeans with the introduction through animal feed. **Mr. Jacobson** said judging by the current trends, "Wheaties may go away."

The commission established an endowment last year and provided additional funding to keep the wheat industry in Idaho healthy, focusing their spending in the following areas:

- Two endowments with the University of Idaho of 1 million each were created.
- Reinvesting in infrastructure and providing operating capital to University of Idaho's College of Agriculture and Life Sciences by increasing the wheat assessment
- Created public/private partnerships with Lemagrain and continue to pursue other public/private partnerships with other private wheat industry companies
- The commissioners are working on more study opportunities
- Support and encourage the restoration of the public funds. The state of Idaho funding for the University of Idaho agricultural and research extension programs have been cut significantly and they are hopeful there will be a little restoration this year.

Mr. Jacobson stood for questions.

Chairman Bair asked about the three-year budget and what the capital outlay of \$128,500 was for. **Mr. Jacobson** said it was set aside for the improvement of the building, but it is now a reserve. Only \$10,000 was spent on the roof and interior carpet replacement and painting and they anticipate about \$20,000 total will be spent this year. **Chairman Bair** asked about the \$358,000 decline in the fund balance for year-end June 2012. **Mr. Jacobson** responded that the reason for the drop was due to the initial funding of the two endowments with University of Idaho. The commissioners have discussed the decline in the reserve. They have adopted a resolution to have a target of six months worth of spending in reserve, and are planning to work the reserve down more over the next couple of years. He said that the growers money should not be sitting there and not be productive, and if there is a use to keep the wheat industry healthy, they will spend it. If not, they will adjust the assessment rate in order to keep the reserve at a reasonable level. **Chairman Bair** asked about the \$500,000 on the 2013 budget slated for equipment and infrastructure and what this will be used for. **Mr. Jacobson** said this is a reserve number created as grant offerings to provide funding to research stations, labs and various entities that are struggling. Out of the \$500,000 only about half has been spent.

Senator Nonini asked for an explanation regarding the differences in the assessment amounts. The report says the commission is financed by a 2 cents per bushel tax, but the presentation says 3.5 cents. **Mr. Jacobson** said both amounts are correct. An increase was taken on July 1. This report is for fiscal year end June 30. Growers were in favor of the increase and investing.

Senator Tippetts asked why wheat is unable to take on GM traits, and if this is a short-term issue, or is it a unique feature of wheat. **Mr. Jacobson** said they are moving forward with the research and a drought tolerant trait will probably be the first one that is introduced that would be able to be grown in extremely dry conditions. It is unlikely the first GM wheat will be launched in the U.S.; Pakistan and China are very close to putting one out there. **Mr. Jacobson** said he guessed in another seven to eight years it would happen here.

Senator Bracket asked the ethanol mandate and usage had anything to do with corn replacing wheat in cereals. **Mr. Jacobson** said the shift to more corn in the diet correlates with more corn acreage. Corn is easy to fractionate and can create many different products, food and feed for animals. **Senator Bracket** asked if there is potential that wheat will become more of a feed grain in the future due to the rapid increase in price of corn. **Mr. Jacobson** said the floor on wheat is pretty close to the ceiling on corn. When the price becomes economical to feed wheat, it will happen.

Senator Durst if the price of corn were to be reduced to levels similar to that of wheat, could this increase the market share as a cereal crop. **Mr. Jacobson** said that until the growers can compete on profitability per acre and get some drought tolerant traits, it seems unlikely. The ethanol subsidy is boosting corn production, if that were to go away, it may moderate those trends, but not reverse them.

Chairman Bair thanked **Mr. Jacobson** for the tortillas.

The supporting report and documents related to **Mr. Jacobson's** presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 28).

PRESENTATION: **Chairman Bair** introduced Wally Butler, Range and livestock specialist from the Idaho Farm Bureau, who presented his report. **Mr. Butler** works during the session at the capitol as a lobbyist and the balance of the year he works around the state with ranches, on an as needed basis, setting up monitoring programs (700 photo sites around the state). Some of the programs document the before grazing and after grazing of range lands, monitor how the ranchers are taking care of the land or how their rotation systems are working. He also works closely with the Forest Service, Bureau of Land Management (BLM) the Department of Lands. He has a deep vested interest in proper natural resource management, and supports the rural fire protection district, the sage grouse issue as well as the Rangeland Center.

Mr. Butler was just elected president to the International Society of Range Management state chapter in Idaho. They cannot lobby in Washington, D.C., but they do provide the science, and will go to D.C. and meet with various agency heads, as they work toward having budgets for monitoring and for "boots on the ground." He has been working with the Public Lands Council about the wild horses and feral hogs in the Bruneau area in Owyhee County. One big issue that is going on in Idaho as a result of litigation is regarding the Owyhee 68 permit renewals on the allotments. Four of the sixty-eight have been released, and by December, BLM must have the balance of them completed. Some have not even had an assessment done. **Mr. Butler** stood for questions.

Chairman Bair asked what the Owyhee sixty-eight issue is. **Mr. Butler** answered that as the result of litigation between the Western Watershed Project and BLM regarding the permit renewal process, the judge ordered BLM to complete by December 2013, the sixty-eight permit renewals that they were behind on. This decision was made in 2008. The fear is that there is going to be more litigation. The first four were just released at the end of January, and there are issues with these. There are a lot of questions about the monitoring, the data collection that they have or have not done, and the decision making process. The permittees are going to appeal and likely there will be lawsuits from the producer side as well. BLM is very limited in manpower and budgets most likely due to the direct result of the litigation and defending themselves.

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:58 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, March 12, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL	Meeting Roll Call	Chairman Bair
MINUTES:	Minutes from February 21, 2013	Senators Buckner-Webb and Patrick
	Minutes from February 26, 2013	Vice Chairman Guthrie and Senator Tippetts
H 110	Relating to the Idaho Dairy Products Commission	Representative Vander Woude, Suzanne Budge and Mike Gilmore
H 113	Regarding Idaho Agritourism Promotion Act	Jim Lowe, The Farmstead

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 12, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst and Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

MINUTES: The minutes from February 21, 2013, and February 26, 2013 were read.

MOTION: **Senator Patrick** moved that the minutes from February 21, 2013, be approved. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

Vice Chairman Guthrie moved that the minutes from February 26, 2013 be approved. **Senator Brackett** seconded the motion. The motion carried by **voice vote**.

H 110 **Chairman Bair** introduced **Suzanne Budge**, representing Idaho Dairy Products Commission, who introduced **Representative Vander Woude**, who presented the **H 110**. This bill amends existing law relating to dairy products to provide that the Idaho Dairy Products Commission may employ a director and to remove provisions relating to fidelity bonds; to revise certain duties, authorities and powers of the commission; to revise bonding requirements; and to revise liability provisions. **Representative Vander Woude** stood for questions.

Senator Tippetts asked if the language at the top of page four was an expansion of authority or has the board had this in the past. **Representative Vander Woude** asked legal counsel, Susan Buxton, General Counsel to the Idaho Dairy Products Commission, to answer the question. **Ms. Buxton** answered that they researched the other commission's statutes and used that as their base. They made technical changes to the power, duties and authority, similar to sections of the Potato and Wheat commissions.

This section is consistent with the Idaho Potato Commission statute, and came about because of the lawsuit in New York over protecting its brand. This was included to make sure the dairy industry has the same opportunity, as they basically have the same goals and duty with regard to their statutory make up and wanted to have the same powers to protect their brand. Senator Tippetts asked if the commission had this authority in the past or is it an expansion. Ms. Buxton felt like there was implied authority, but due to Idaho case law in the Supreme court, the commission felt it was important to make sure they had the actual authority to undertake those actions to protect the rights and duties of the commission pursuant to the statute.

Vice Chairman Guthrie asked about the significant transfer of liability to the state as stated on pages four and five. **Ms. Buxton** answered that this clarifies the liability of Idaho for acts that the Idaho Dairy Product Commission does and aligns with the language in Idaho Potato Commission statute. The purpose of the change is to protect the IDPC from being sued in federal court and thereby incurring costs of defending a suit outside of Idaho. The reference to chapter 9, title 6 is the Idaho Tort Claims Act. The Idaho Tort Claims Act protects the sovereignty of the state as its agencies underneath, including the self-governing boards like IDPC, so that they would be able to limit the liability of the state and the agency itself.

Senator Durst asked why the definition of director was struck. **Ms. Buxton** said the term director was inconsistent throughout the statute and was done to make it more consistent. The definition of director was deleted because director is not currently used elsewhere in the statute, and because the legislation also substitutes the term director for administrator. No other commodity commission statute defines the head of its commission within the definition section so it also creates uniformity among the commodity commission statutes.

Page 3, lines 3 through 10 substitutes the term director for administrator which is a modernization of the head of the commission and was done to benefit the commission in terms of marketing, hiring and public relations. IDPC also prefers not to use the term Executive Director to avoid confusion with the head of the Idaho Dairyman's Association, which also uses the term Executive Director. Originally the term director meant the Department of Agriculture director. For purposes of this legislation, the administrator is now classified as the director. That is why director is crossed out in some places and put back in others and there is a different definition for the director now. IDPC is recruiting for that position, and when advertising the position as administrator, the perception will be that that person is not in charge and has someone to answer to. It is better to advertise as director, because this person is the one that runs the commission.

Chairman Bair directed Senator Durst to page 3, line 3, it says director, line 4 states that the commission shall elect a chairman and may employ a director who is not a member of the commission. It gives the definition that the director will be at the behest of or authorized and hired by the commission. **Senator Durst** said that elsewhere in title 25, when reference is made to the director, it is to the director of the Department of Agriculture and since there is no definition in this particular chapter, it could be assumed that director refers to that definition that is found elsewhere in title 25. It is his opinion that for clarity's sake, director should have been defined as meaning the director of the commission as set forth in this chapter, instead of deleting it all together. With an absence of a definition, one might go elsewhere in the chapter where it is defined.

Senator Brackett and **Senator Durst** asked what does the industry think of what is proposed today and are there resolutions or letters of support with approval from the industry. **Representative Vander Woude** said the IDPC came to him with the proposal wanting to update their statutes especially as they were looking at hiring a new director. The industry is behind this rewrite of their statutes. There were no letters, and have not heard anything from the dairy industry about being concerned about the changes and updates. **Ms. Budge** stated that they worked with the agricultural organizations as the legislation was produced both through the Representatives, as well as the food producers and dairy organizations, and worked with the director of the Potato Commission to make sure the language was aligned. Mr. Gilmore, Deputy Attorney General, is present, if the issue related to the Tort and Liability needs to be further addressed. Language was adapted from the Potato Commission has included as a result of the lawsuit.

Senator Tippetts said this new language now states that Idaho is liable for all tort obligations arising out of acts and omissions of the commission, are binding on Idaho and as to the extent as provided for chapter nine, title 6, Idaho code. He asked what tort obligations would be rising out of acts and omissions with the commission

Mike Gilmore, Deputy Attorney General, answered that the limits of liability language dates back to a simpler time when everyone was thinking in terms of contract liability and no one was even thinking about the possibility of lawsuits involving their certification marks or trademarks. When the Potato Commission was sued in federal court in 1999, there were two allegations being made. One was that the commission was misusing its certification mark for Idaho potatoes. As the certification mark was owned by a private organization, the state of Idaho was not on the hook financially for anything the commission was doing. The argument was that the commission was a private organization subject to suit under the anti-trust laws and subject to suit under the Lanum Act, which governs trademarks, certification, use and service marks. In reviewing the language, they saw that it could be interpreted that way.

Mr. Gilmore explained that the Idaho Tort Claims Act applies to every state governmental agency and, the Department of Administration is obligated to provide a defense to every agency and every officer, if they are sued in a tort arising out of their official duties. The lawsuit established that the commission was indeed an agency of the state and that there be an explicit acknowledgement that it was part of the tort regime of the state and that the state was on the hook in theory. Tort actions, as a practical matter, have to do with offering a defense, rather than paying damages. The Idaho certification mark for potatoes was solid, so the Bureau of Risk Management defended the commission against those allegations that it had misused its certification mark against potato packers.

Mr. Gilmore further explained that the purpose of this legislation is to make it clear, that the Bureau of Risk Management will provide a defense when the tort involved is a challenge to the intellectual rights of the commodity commission. As the section reads, it is inconsistent with the Idaho Tort Claims Act, because the Tort Claims Act obligates the Bureau of Risk Management to provide a tort defense to every state agency and it has no exceptions. **Senator Tippetts** asked if this language is broader than it needs to be or could the scope be narrowed and still provide the protection needed. **Mr. Gilmore** said that that is possible, but to his knowledge, no state agency has ever been partially covered by the Tort Claims Act, they have always been covered period. The courts have never had to sort out some of this old language which pre-dates the Tort Claims Act; if you read the tort claims act, it applies to every state agency.

MOTION: **Senator Brackett** moved to send **H 110** to the floor with a do pass recommendation. **Senator Nonini** seconded the motion. Motion carried with **voice vote**. Senator Brackett will carry on the floor.

RS 22264 **Chairman Bair** introduced **RS 22264**, relating to the Domestic Cervidae testing for Chronic Wasting Disease (CWD) and to provide for facility and inventory inspections. The proposed legislation would also implement fees for the import, export and transfer of animals, as well as adjust fees for the annual inventory assessment. This legislation was brought about because the ISDA indicated that the administration fees for administering the cervidae program in the state was costing significantly more than what revenue was bringing in. The money to run the program has borrowed from other associations to cover the testing fees, research and meetings with the cervidae industry. This legislation is not unanimous, but represents the desires of the industry to be self-sustaining budget wise. Chairman Bair said this is a request for a unanimous consent to send the **RS 22264** to State Affairs to be printed.

**UNANIMOUS
CONSENT:**

Vice Chairman Guthrie made the unanimous consent request that **RS 22264** be sent to State Affairs to be printed. **Chairman Bair**, hearing no objections, ordered **RS 22264** to be sent to State Affairs to be printed. It is anticipated that this bill will come back to the committee after printing for a full hearing on it.

H 113

Chairman Bair introduced **Jim Lowe**, intern for Food Producers of Idaho and owner of the Farmstead, who introduced H 113 regarding Idaho Agritourism Promotion Act. Representative Bowles and the Idaho Trial Lawyers Association helped write the legislation, and Representative Bowles shepherded this through the amending order to meet some of their requests and language that is acceptable to all parties. It passed the House on a 69-1 vote.

Mr. Lowe said that Agritourism is not new and has been around in some form for many years. It has come to prominence in the last decade, and its gain in popularity and the benefits for both the general public and producers has come to light. Agritourism provides an opportunity for the agriculture industry to tell its story to an increasingly urban population and provide hands-on experience to connect the public with producers of food and generations within society. It is a means of diversification and supplemental income which is valuable for small farms. It can lead young people into agriculture. There is an urgent need to define and clarify some features unique to this industry. There are 26 states that currently address Agritourism specifically in their state code which Idaho needs to address as well.

Mr. Lowe said this bill would offer enough clarity for producers to weigh the risks so that farms, ranches and organizations can engage in Agritourism when the market warrants. The primary concern is liability for injury of participants. Safety is and must be number one on the list but there are risks associated with visiting a farm and complete elimination of those risks is not feasible or practical in light of purposes of a farm. This bill provides a means by which Agritourism providers cannot be held liable for risks inherent in a farm and can qualify for this protection by posting signage with the specified language that warns the participants that they are assuming these risks. There would be no protection under the law in the case of negligence or disregard for safety. The amending order dealt with the signage language. Idaho Trial Lawyers Association wanted to see additional language and negotiated with all parties concerned to come up with language that works for all parties. **Mr. Lowe** showed a sample of the signage that is required.

There is also a provision outlining the existing fact that the presence of Agritourism activities on a farm does not impact the determination of property tax status of that farm. Idaho Code title 63, chapter 6, and outlines the criteria by which land is considered actively devoted to agriculture. Agritourism can and often does occur concurrently with production agriculture. This provides enough clarity that a farmer does not have to worry that the tax assessor will reclassify their operation and land status as commercial because they are conducting tours or engaging in Agritourism.

Mr. Lowe stood for questions.

Senator Nonini called attention to the letter from Attorney General's opinion on this bill. There are some concerns on whether the statute is vague or ambiguous and is concerned about it being adequate in terms of insurance and lawsuits.

Vice Chairman Guthrie said the notice of warning does not contain as much language as on the sign presented to the committee. **Chairman Bair** said the new language is dealt with in the amendment attached on the pink sheet.

Senator Durst asked where the sign must be placed. **Mr. Lowe** said it states in the bill that the sign is placed at the entry, and at the location of the event or activity. **Senator Durst** asked about multiple entries and what would happen if people missed the signage. Should a waiver be signed? **Mr. Lowe** said this type of Agritourism has high volumes of people at low dollar amounts, it would be impractical to have waivers signed. If there is more than one entrance then there needs to be more than one sign, or they would not be protected or covered under the law. **Senator Durst** disagreed because the language says "the sign" at "the entrance," not each sign at each entrance which would mean something different. **Mr. Lowe** said at any entry of the farm, even multiple entries must have clearly visible signs.

Senator Tippetts agreed that there is a need for Agritourism and asked about the signage at the actual location of the activity if it is off-site and away from the location. **Mr. Lowe** said there is a sign at the entrance to the farm at the beginning of the activity and at entrance that would lead you to the off-site activity at the remote location. **Senator Tippetts** said this bill provides some significant protection for the Agritourism professional. Protection seems to be removed if the dangerous conditions are not communicated to the participants. He asked if this bill would provide the protection being sought with this language. **Mr. Lowe** said this bill is to limit the liability of the Agritourism providers while providing safe conditions for the participants. There would be no protection provided for negligence on the part of the provider. This bill changes the duty for the Agritourism provider to make known the danger, rather than to inspect and eliminate the danger.

Senator Brackett asked **Mr. Lowe** if they looked at that statute for livestock activities for any dangers because some of those issues were addressed under livestock activity. **Mr. Lowe** said he is not familiar with this statute. On page 2, line 45-47, it specifies that any protection afforded by this law is in addition to any other limitations of liability. So it should not backtrack on what was done previously and should complement the livestock activities statute.

TESTIMONY: **Jennifer Elmyer**, Nutritional director of the Boys and Girls Club, spoke in support of the bill. Lee Rice, of Rice Family Farms, also spoke in support of the bill. **Dennis Takinkuni**, Idaho Farm Bureau presented written testimony in support of this bill. **Kristin Thompson**, on behalf of Rick Waitley for the Ag in the Classroom Program, spoke in support of the bill.

Barbara Jordon, Idaho Trial Lawyers Association (ITLA) answered questions from **Senator Durst** regarding the opinion letter from the Attorney General and what level of comfort did the ITLA have in drafting the language. **Ms. Jordon** said she not seen the opinion letter or reviewed it. The ITLA reviewed the language in its original form and felt the bill, as written, is actually fair for the farmer/provider and fair for the participant. They did request the signage be changed and those are noted in the amendment.

MOTION: **Vice Chairman Guthrie** moved to send **H 113** to the floor with a do pass recommendation. **Senator Tippetts** seconded the motion. **Senator Tippetts** still had concerns that the legislation does not provide all the protection and there may still be some issues to be worked out, but felt it a good first step in the right direction. **Senator Durst** opposed to the motion and felt the bill should be held until the liability issues could be worked out to get it right the first time. Motion carried by **voice vote**. **Senator Durst** asked to record his no vote. Vice Chairman Guthrie will carry the bill.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:35 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, March 19, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL:	Roll Call	Senator Bair
MINUTES:	February 28, 2013	Senators Nonini and Rice
S 1166	Domestic Cervidae - Adds to and amends existing law	Stan Boyd, The Velvet Ranch
PRESENTATION:	Idaho Dairy Products Commission	Deanna Sessions, Administrator
	Idaho Dairywomen's Association	Bob Naerebout, Executive Director

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 19, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Durst, Buckner-Webb

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The minutes from February 28, 2013 were read.

MOTION: **Senator Nonini** moved that the minutes from February 28, 2013 be approved. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

S 1166 **Chairman Bair** introduced **Stan Boyd**, representing the Velvet Ranch, who presented S 1166. This legislation was brought about because the Idaho State Department of Agriculture (ISDA) came to the industry and said the Domestic Cervidae program was no longer paying for itself. The cervidae industry either has to raise the required funds to run the program, or the ISDA will not have a program. The Federal government passed new Chronic Wasting Disease (CWD) rules that affect the industry. Since inception of the cervidae program, there have never been any cases of CWD found in the domestic cervidae herd. Through the Idaho Department of Fish and Game hunter check stations, no cases have been found in the wild. The cervidae program has not been self-supporting for several years now, and the industry has been shrinking. Funds from other programs are being used and the cattle industry has been subsidizing them as well. Last year there was a shortfall of about \$35,000.

This proposed bill will raise fees and lowers costs to the industry by requiring only 50 percent testing for CWD every year instead of 100 percent testing. Annual registration fees of \$5 per head would be raised to \$9. The fallow deer and reindeer fees would remain the same at this time, but would allow for the ceiling to be raised in the future. There is a \$10 fee on a transfer of ownership, a \$10 import fee if importing from another state and a \$50 export fee if exporting out of the state. This export fee is higher as it takes five times as much paper work and time to guarantee and qualify an elk. The ISDA must provide five years of history on the animal and herd to verify that it comes from a CWD free herd. The amendments to this bill clarify that these new fees do not apply to elk that are being imported or exported to the state that are going directly to slaughter, or a transfer of ownership in the form of cut and wrapped elk. There is no federal compliance for CWD if the elk are going straight to slaughter. **Mr. Boyd** stood for questions

Senator Patrick asked why a sampling couldn't be done to avoid the cost since CWD has never been found. **Mr. Boyd** said that since this was a new industry, the producers stepped forward and tested to build confidence with the public and the ISDA, and to prove that the herds are CWD free.

Senator Rice asked how the 50 percent testing number was chosen, and would this bill help bring the industry back since the herds are declining. **Mr. Boyd** said when the industry was asked what number would maintain the confidence with the public and the department, they decided upon 50 percent. He said this bill will take care of the operational shortfall with a potential \$4,000 in the black. Any additional funds would be put into their reserves. However, if the industry keeps shrinking, there may be a need for more legislation. He said the market place dictates whether the industry will flourish or continue to decline.

Chairman Bair introduced **Dr. Leibsle**, Deputy Administrator of the Division of Animal Industry, ISDA, Deputy State Veterinarian. He responded to questions regarding out-of-state lab testing and said there was never any official state testing and that the Caine Center was an option for operators to use, but this lab is not American Association of Veterinary Laboratory Diagnosticians (AAVLD) accredited. It has the equipment to perform the CWD test accurately and correctly, but they are not nationally recognized, and the USDA is only accepting test performed at AAVLD accredited labs per the federal CWD rule implemented this year. Any operator that wants to export their cervidae must test at an AAVLD lab. Any operator that does not wish to export can still submit their testing to the Caine Center. Current CWD testing is set at 100 percent testing.

Dr. Leibsle responded to questions about what CWD is, how it is transmitted, and if a producer could know in advance that his animal is sick and not submit the sick animal's brain for testing, possibly providing an opportunity for abuse. Dr. Leibsle said CWD is a transmissible spongiform encephalopathy (TSE) that affects four species: mule deer, whitetail deer, moose and elk. The origin of this disease is unknown and is very unpredictable. The symptoms typically arise after they are 17 months old but can be up to 15 years. The average age range is about three to five years of age. The typical symptoms seen are body condition wasting, behavioral change or neurological disease and can appear in any gender and at any time of the year. Because of the unpredictable nature of the disease and from a scientific standpoint, Dr. Leibsle said producers would not have the opportunity to take advantage of or abuse the new testing requirements. If an animal were to become clinical at some point and they were to observe it, that possibility may arise, but it is impossible where or when that may happen. CWD is transmitted by lateral transmission, (i.e. direct contact from saliva or blood.) In some very rare circumstances, it can be a vertical transmission (i.e. from mother to offspring.)

When asked what would happen to the program, should this bill not pass, Dr. Leibsle responded that for the fiscal year 2013, the cervidae program, through February, is already over budget by \$6,500. If this fee rule is not passed, the program will be shut down because there are no funds to support it. It would not be able to be re-initiated until July 1, until the allotted herd assessment for the year and the wildlife license plate money is received. The result to the industry would be no animals could be imported or exported; there would be no movement of any kind. Any of the services the department provides, including inventory verification, facilitation of import, export, and disease surveillance, would not be provided. The following year, based on the trend of the last five years, the funding would run out in mid-December.

TESTIMONY:

Chairman Bair introduced **Gail Ansley**, owner of the CA Bull Elk Ranch and Vice President of the Idaho Elk Breeders Association, who spoke in opposition of the fee increases. **Ms. Ansley** objected to the fees being raised and questioned how the money was being spent. The expense breakdown they received did not give enough detail. She questioned the fees of the other industries (i.e. cattle and sheep) being so much lower and had even heard of one industry receiving General Fund money. Could they as well? **Ms. Ansley** was very emotional and tired of what she called "being regulated right out of business." She said she thought the new fees were "over the top" and wondered if there were people at the ISDA that would just like to see the cervidae business go away. **Ms. Ansley** stood for questions.

Chairman Bair introduced **Senator Jeff Siddoway**, who is an owner of a shooter bull ranch and owns about 750 head of elk. He declared his conflict of interest and spoke in support of this bill.

Chairman Bair introduced **Director Gould**, ISDA, who responded to the question regarding the reporting of CWD and if test results are made available to the public. Director Gould said CWD is a reportable disease, not proprietary information, and results are sent immediately to Animal and Plant Health Inspection Service at the Federal level. There is no doubt the public would be informed. There is extensive traceability to ensure that the food system is always safe, and testing provides safeguards for these diseases to insure safety in our food. She went on to say that the department is not in support or opposition of this bill. They consider themselves a "can do" agency and do their best to provide the services to facilitate and help any operation without undue regulation. The regulation in this bill came at the request of the industry when it was changed from the Fish and Game Department to the Department of Agriculture. Those fees were set in 1989. There are less license plates being issued and declining herds, and it costs more to do business in today's world. This has been an issue for at least the last seven years. There have been other bills before the legislature to address the insolvency of this program but there has been no resolution. Director Gould said she has a fiduciary responsibility to the state and the other livestock producers to not continue to take money out of the animal disease control account to subsidize this industry. This issue was brought before the governor as well, and she determined that unless the department was directed by policy, they will not be using funds that are not specific to the cervidae program.

Senator Brackett asked Director Gould how many plates were sold in the license plate program so far and she responded that she didn't have the exact number but that they have received \$22,300 this year. **Senator Brackett** asked how the funds are allocated between the shooter bull industry, breeding, and velvet meat. **Director Gould** said there is a clear distinction between shooter bull operations and the meat operations with unique problems on both sides. Funds are allocated by how much it costs to perform the services.

Senator Guthrie asked about the sheep industry getting General Fund money. **Director Gould** said they receive about \$50,000 from the General Fund and has been this way for many years. No other General Fund money goes into the animal disease account. **Senator Guthrie** asked if the program is shut down, would instate activities, sales, and transfer of animals cease. **Director Gould** said the statute is vague on the responsibilities of the department and they will have to see what kind of program can be run. The license plate money is delineated for CWD testing. Any other funds that come in will indicate what can be performed with input on what the industry's priorities are. It would be a much scaled down program.

Chairman Bair introduced **Mr. Miller**, Idaho Elk Breeders Association, who spoke in opposition of the bill.

Senator Durst pointed out that the letter from the Ada County Fish and Game League expressed concern about this legislation. He asked if the Idaho Department of Fish and Game or any sportsman's groups had any input or concerns about the bill. **Stan Boyd** responded that the Ada County Fish and Game League is confused and these groups will have an opportunity for their input in the negotiated rulemaking process

MOTION: **Senator Rice** moved to send **S 1166** to the 14th Order for further amendment. **Senator Patrick** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:35 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, March 21, 2013

SUBJECT	DESCRIPTION	PRESENTER
ROLL CALL	Roll Call	Chairman Bair

PRESENTATIONS:

Idaho Dairy Products Commission	Deanna Sessions, Administrator
Idaho Dairyman's Association	Bob Naerebout, Executive Director

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 21, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Rice, Nonini, Patrick, Durst and Buckner-Webb

ABSENT/EXCUSED: Senator Tippetts

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:04 a.m.

PRESENTATION: **Chairman Bair** invited Kyle Hoodenpyle, Page, Senate Agricultural Affairs Committee, to the podium for recognition of his service during his term with the Senate. Kyle lives and works on the family ranch, is a rider by heart and has been competing in various competitions, winning state championships, and holds the record for half-eights. He is a good dancer, and has a goal of finishing the book he is currently writing. Kyle plans on attending the University of Idaho to get his degree in Agriculture Engineering. He said he appreciated the opportunity to serve as the committee page and thanked everyone. **Chairman Bair** said his gift was on the way and would be presented shortly.

PRESENTATION: **Chairman Bair** introduced Deana Sessions, Administrator, Idaho Dairy Products Commission (IDPC), who presented the annual report to the committee. **Chairman Bair** spoke of her upcoming retirement and commended her for her dedication in working for the commission for thirty-four years, the last twelve years as the administrator.

Ms. Sessions thanked the committee and kind words from Chairman Bair. She spoke of her passion, not only for the IDPC, but for the people she works for. She stated that there is no other segment of agriculture where the farmers work as hard as in the dairy industry. She was very pleased to report that the commission had a clean audit this year and credits the staff for their attention to detail.

Ms. Sessions said the highlights include:

- Milk production in 2012 was 13.5 billion pounds of milk; up 2.4 percent from 2011
- Net assets of \$8.6 million; \$3.6 million of which is in a five-year, long-term investment and \$250,000 in a CD
- The projected budget for 2013 is anticipated to be \$13.9 million, with an operations total of \$1.2 million, and program expenses of \$13 million. Carryover funds of \$6 million including the long term investment (\$3.6 million).
- \$5.2 million in research - most of this is handled through the national organization because they manage the research for the whole U.S.
- \$1.5 million for Channels (marketing flow dealing with coupons, school foodservice, quick serve restaurants, and retail)
- \$350,000 in the Distinguished Student Award - four students receive \$20,000 scholarship that is given to the school in their honor. The commission posts a billboard honoring the students

- Idaho High School Activities Association (IHSAA) partners in youth development; it hands out chocolate milk at state tournaments, with a total of 59,500, eight ounce containers of milk to the boys basketball team
- \$113,474 in funding for the Fuel Up To Play 60 program.
- \$98,410 for the Medical Outreach Program
- \$30,154 for Image industry Relations - crisis preparedness and management
- A partnership with McDonald's (through the national affiliation) started in 2008. In 2008, McDonald's purchased a total of 2.6 billion pounds of milk and at the end of 2011, this increased by over 1 billion incremental pounds for a total of 3.6 billion pounds. McDonald's wants to utilize natural cheese in their meals, and this would add over a billion incremental pounds of milk annually. Their goal is to reach 50 percent natural cheese by 2017. In 2012 only 8 percent was natural.

Chairman Bair introduced **Sherry Chase**, Communications Director, IDPC, who presented on the Fuel Up To Play 60 flagship program for Idaho Dairy Council. This program was developed by the National Dairy Council and the National Football League in collaboration with the United States Department of Agriculture.

The supporting report and documents related to Ms. Session's and Ms. Chase's presentations have been archived and can be accessed in the office of the Committee Secretary. (See attachment 29).

PRESENTATION: **Chairman Bair** introduced **Bob Naerebout**, Executive Director, Idaho Dairymen's Association (IDA), who gave a short presentation on the IDA.

IDA was formed in 1944 and was established to develop and sustain an economically viable Idaho dairy industry. In 2003 IDEAL, LLC was established as a legal defense fund. It is now the legal defense and environmental research fund. The Idaho Dairy Water and Land Trust, 501(c)4, was established in 2006 over concerns generated from water calls from fish hatcheries and others. IDEAL Foundation 501(c)3, was formed to invest in the environmental livestock research facility in Magic Valley. The industry obligated themselves to \$5 million. Currently they have about \$1.5 million in investments in that fund, with \$500,000 pledged.

Milk production in Idaho for 2012 was 13.53 billion pounds, up 2.3 percent from 2011. Idaho assessment is 16 cents a hundredweight (cwt.). In the first nine months of 2012, Idaho's average dairy lost around \$0.35/cwt. The fourth quarter was cash flow positive, but feed costs increased at least \$0.50/cwt. Milk prices have since decreased while feed costs have not. The 2013 first-half projected costs are around \$18.25/cwt. Chicago Merchentile Exchange (CME) Class III futures are currently averaging \$17.60/cwt for the same months.

There are 572,576 milk cows in Idaho, and a total of 542 licensed dairy operations. Treasure Valley has 106 dairies or 19.6 percent; eastern Idaho has 136 dairies or 25.09 percent; and Magic Valley has 300 dairies or 55.4 percent. In a Boise State study, their statistics for jobs created from dairy include 8,300 from dairy farms, 2,371 from manufacturing, and 22,406 for secondary and induced for a total of 33,077 jobs. The dairy farm jobs are filled by foreign workers. This is where the immigration debate focuses. It is critical for the dairy industry and Idaho, that these issues be fixed, because the rest of those jobs are dependent on these 8,300 dairy farm jobs. Immigration Customs and Enforcement (ICE) audits show that 75 to 80 percent of the employees on the dairies cannot pass an ICE audit.

The National Dairy FARM (Farmers Assuring Responsible Management TM) program is one that the IDA recommends for dairy farm producers to participate in, due in part to the outcry created from an illegally filmed video of dairy "animal cruelty" that went viral on the internet. This program is voluntary and available to all producers. It focuses on education, animal care, on-farm evaluations, and third party verifications. The IDA has developed additional tools to ensure proper animal care is conducted. They continue to fund research in environmental programs as well, with about \$486,000 approved for research for 2013.

IDA's 2013 priorities on the state level include profitability and securing additional value added processors, continuing development of certification classes, and the feed lien law. On the national level, immigration is a top priority, funding the defense on an environmental lawsuit in Yakima, Washington involving five dairies. The premise is: manure is a hazardous waste; how should it be treated. This will set the precedent for all dairy farms throughout the country. **Mr. Naerebout** stood for questions.

The supporting report and documents related to Mr. Naerebout's presentation have been archived and can be accessed in the office of the Committee Secretary. (See attachment 30).

Chairman Bair thanked the dairy folks for the yogurt and the cheese board.

Chairman Bair addressed the letter from Patrick Kole, Idaho Potato Commission, and a letter received by the Governor's office concerning the Turkish Embassy issue and protecting the Idaho trademark. The institute chose not to grant the Turkish company the right to use Idaho as their trademark.

Chairman Bair thanked the committee and secretary for a great job done.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:08 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, March 26, 2013

SUBJECT	DESCRIPTION	PRESENTER
H 266	Relating to the practice of Veterinary Medicine	Dr. Brett Bingham, Veterinarian

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Durst
Sen Tippetts	Sen Buckner-Webb
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 26, 2013

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, and Buckner-Webb

ABSENT/ EXCUSED: Senator Durst

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:05 a.m.

MINUTES: The committee reviewed the minutes from March 5, 2013.

MOTION: **Senator Patrick** moved to approve the minutes from March 5, 2013. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

H 266 **Chairman Bair** introduced **Dr. Brett Bingham**, Veterinarian (vet), President of the Idaho Veterinarian Medical Association, who presented **H 266**. This bill clarifies the Veterinary Practice Act to make sure veterinarians are able to prescribe, dispense, deliver or administer drugs and medicines in the scope of their practice. When the Board of Pharmacy rewrote some of their rules last year, they discovered that Idaho Code § 54-2103-34(a) does not give veterinarians the authority to dispense medications, as the word "dispense" is not in the practice act. Vets have been dispensing medications, as part of their practice, for over 100 years, and the Pharmacy Board has allowed them to continue this practice. **Dr. Bingham** stood for questions.

Senator Patrick and **Senator Brackett** asked if this current law means people have to get medications from the medical pharmacy instead of supply stores or veterinarians. **Dr. Bingham**, responded that if the Board of Pharmacy decided to enforce this law as it is written, then all vets would have to shut down their pharmacies and provide a prescription to animal owners that would have to be filled at the medical pharmacy. Medical pharmacies don't carry any of the medicines vets need nor are their pharmacists educated in Veterinarian Pharmacology. Owners could no longer get medicines dispensed from the supply stores or traveling vets.

Senator Tippetts asked if the drugs are the same for animals as humans, including narcotics, and what kind of security measures are in place. **Dr. Bingham**, responded that vets have access to almost all narcotics that are available to people. Veterinarians are regulated by the Board of Pharmacy and the Drug Enforcement Administration (DEA), the same as for humans. Narcotics must be kept under lock and key at all times, they have to log all medicines as they are dispensed.

Senator Rice asked about problems concerning feed stores filling prescriptions. **Dr. Bingham**, said this will not be a problem and will not change. Vets will continue to write prescriptions and feed stores will be able to fill them. This proposed legislation will continue to allow vets to dispense medications out of their trucks. The Pharmacy Board recognizes that there are many outlets that are not pharmacies, like feed stores, veterinarian hospital or the mobile dispensing unit that goes out to farms. These are called Prescriber Drug Outlets (PDO) and must obey a certain standard of laws that are separate from a pharmacy.

MOTION: **Senator Guthrie** moved to send **H 266** to the floor with a **do pass** recommendation.
 Senator Brackett seconded the motion. The motion carried by **voice vote**.
 Senator Guthrie will carry the bill.

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:20 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary